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**A**  
**COMPILATION**  
**OF ALL THE**  
**ACTS, RESOLUTIONS, REPORTS,**  
**AND OTHER DOCUMENTS,**  
**IN RELATION TO THE**  
**BANK OF THE STATE OF SOUTH CAROLINA.**  
**AFFORDING FULL INFORMATION CONCERNING**  
**THAT INSTITUTION.**



**PUBLISHED BY ORDER OF THE LEGISLATURE.**

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**COLUMBIA, S. C.**  
**PRINTED, JOINTLY, BY A. S. JOHNSTON AND A. G. SUMMER.**  
**1848.**



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# INTRODUCTION.

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By a Resolution of the Legislature, passed the 18th December, 1840, the President of the Bank of the State of South Carolina was directed "to have compiled and published, in pamphlet form, all Acts and Clauses of Acts and all Resolutions passed and adopted by the Legislature in relation to the said Bank, and Branches thereof. and that he do cause a sufficient number of copies to be placed on the tables of the Members at the beginning of the next Session." In obedience to this Resolution, the President compiled and caused to be published, the Acts, Clauses of Acts, and Resolutions referred to, and in addition thereto, collected and published every Report of the President and Directors, and of the several Investigating Committees, which could be procured, with such parts of the Reports of the several Comptroller Generals, as related to the Bank. The copies required for the Members of the Legislature were placed on their tables, at the session of December, 1841, but a considerable number, intended for the Library, were unfortunately consumed by a fire, which destroyed the office of A. H. PEMBERTON, Esq. the State Printer, after the adjournment, and before they were completed and delivered. Although the compilation did not include the Reports of the President and Directors for 1824, 1825, 1828 and 1829, and also the very full and able Report of the Investigating Committee of the mother Bank, made in December, 1827, by the Hon. THOMAS S. GRIMKE, which had not yet been recovered it was found to contain so much that was indispensable to a proper knowledge of the history and operations of the Bank, that the Legislature at its next Session in December, 1842, ordered a new edition. That edition was presented enlarged by subsequent Reports, and also by all the Ordinances of the City Council of Charleston, and the Regulations of the Bank, in regard to the Fire Loans. These latter documents have so important a bearing on the transactions of the Bank, and will be so very useful for understanding the operations of the Fire Loan, that it has been considered best to include them.

The whole edition of 1843 having been exhausted, the Legislature, at December Session of 1846, ordered the President to prepare a new one.— To render it as complete as possible, great efforts have been made to recover the documents not included in preceding editions; and from private libraries, as well as by overhauling the journals and archives of the two

Houses, valuable and interesting additions have been secured for this volume. To these also are added such Reports, Resolutions and Acts of the Legislature, the President and Directors, and other public functionaries, as have been made since 1843 to the close of December, 1847.

The documentary history of this Institution cannot be perfect, without some account of its origin. It is well known, from its charter, that it was created by the Legislature in December, 1812; but the proceedings out of which it sprung, were only published in the papers of the day, have gone out of print, and are now only to be found in the Journals of the two Houses, and one Report, not recorded in the Journal, but filed away amongst the archives of the House of Representatives. As it was believed that the account which they present of this important measure would not be without interest and value, and would come within the views of the Legislature in ordering this publication, the Journals of the two Houses were carefully examined, and the following extracts taken; which, with the copy of the Report made by the Chairman of the Committee of the House of Representatives, also inserted at its proper place, will present the legislative history of the transaction in its true and regular order.

It is well known, that the idea of a Bank grew out of the peculiar difficulties of that period. England and France were at war with each other, and by their repeated invasions of the rights of the United States, as a neutral power, had caused the imposition of the embargo and non-intercourse Acts of 1807 and 1809. A policy so restrictive had so cut off all foreign trade, since December, 1807, that the agricultural productions of South Carolina, the source of the income of most of her citizens, had continued to accumulate on their hands, at home or at the sea ports, and had become so depreciated, as to be unsaleable, and without value. Money had almost ceased to circulate amongst the people, either in the form of specie or Bank notes; for although there were then four Banks in the State, they were all located in Charleston, and conducted on principles purely commercial, so that they afforded no relief to the Agricultural and other suffering classes in the country. These classes were laboring under most distressing embarrassments. An unexampled prosperity had, for many years preceding the adoption of the embargo policy, rewarded the enterprise and industry of the people. The sudden revulsion produced by those measures, closed at once the sources of their prosperity, and paralyzed their energies. Year after year of its continuance brought them no alleviation, and only plunged them in deeper and deeper. To add to their difficulties, war was declared in June, 1812, against Great Britain, and to support its operations, the taxes, both of the State and Federal Governments, were greatly increased. In this condition of things, when specie had almost disappeared, when no substitute for it was in reach of the people, when debts and taxes had to be paid, when property had lost immensely in its value, and



the most fearful sacrifices were impending, the idea was suggested of a system of public loans, based on public credit on the one hand, and on the property of the people borrowing on the other, to restore the prostrated energy of the State, and revive the hopes of its despondent citizens. With whom this measure of relief originated, it is not, perhaps, now possible to decide with certainty. What we do know, however, is, that the first tangible movement came from the Hon. JOSEPH BLACK, then a Representative from Abbeville, and for many years after known as a diligent and faithful member of the Senate, from the same District. The Resolution below was introduced in the House of Representatives by him, on the 25th Nov. 1812, and was *immediately* passed, and sent to the Senate. That body concurred the next day, and the Joint Committee, raised under the Resolution, commenced their deliberations. These resulted in a Report to the Senate of the Bill chartering this Bank, made by the Hon. STEPHEN ELLIOTT, afterwards its first and most able President. No written statement of the views of the Committee accompanied the Bill. A written Report was made by Mr. BLACK to the House of Representatives, which is introduced below in its proper place, in the proceedings of the two Houses.

IN THE HOUSE OF REPRESENTATIVES, NOV. 25, 1812.

[See *Journal*, p. 21.]

"Capt Black submitted the following Resolution, which was agreed to, viz: *Resolved*, That a message be sent to the Senate, informing them that this House have appointed a Committee of Capt. Black, Mr. D. E. Huger, Mr. Yancey, Maj. Felder and Col. Lowry, to meet a Committee of the Senate, to inquire into the expediency of authorizing a loan, or some other measure, that may have a tendency to supply the want of the circulation of Specie, and to request their concurrence therein, and that the said Joint Committee have leave to report by bill or otherwise."

The following message was sent accordingly :

IN THE HOUSE OF REPRESENTATIVES, NOV. 25, 1812.

"*Mr. President and Gentlemen of Senate :*

This House have appointed Capt. Black, Mr. D. E. Huger, Mr. Yancey, Maj. Felder and Col. Lowry, a Committee to inquire into the expediency of authorizing a loan, or some other measure, that may have a tendency to supply the want of the circulation of Specie : and request that your House will appoint a Committee to confer with the Committee of the House on the practicability and expediency of such a measure, and that they have leave to report by Bill or otherwise.

JOHN GEDDES, *Speaker*."

IN THE SENATE, NOV. 26, 1812.

[See *Journal*, pp. 34-5.]

The foregoing Message being received. Ordered. That the following message be signed by the President and sent to the House of Representatives, viz :

IN THE SENATE, NOV. 26, 1812.

*"Mr. Speaker and Gentlemen :*

Agreeably to your Message just received, this House have appointed Col. Mitchell, Mr. Lipscomb, Mr. Elliott, Maj. Savage Smith, and Col. Wm. Smith, a Committee, to join the Committee of your House, in order to inquire into the expediency of authorising a loan, or any other measure that may have a tendency to supply the want of the circulation of Specie. This House also grant leave to report by Bill or otherwise.

By order of the Senate."

"The Joint Committee having met and considered the subject referred to them. agreed on a Bill to establish a Bank for the State. In the Senate, Mr. Elliott, from the Joint Committee of both Houses, "on the expediency of a loan, &c. to supply the want of the usual circulation of Specie," reported a Bill, entitled a Bill to establish a Bank in behalf of and for the benefit of the State.—[*See Journal*, p. 183.]

Read the Bill a first time.

*Ordered*, That the Bill be read a second time to-morrow. On motion, *Ordered*, That 200 copies of the Bill be printed for the use of the Senate.

IN THE HOUSE OF REPRESENTATIVES.

[*See Journal* p. 96.]

"Mr. Black, from the Joint Committee, submitted the following Report :

The Committee appointed by this House to meet a Committee of the Senate, to consider of the expediency of a loan or some other means to supply the want of circulating specie, Report: That they have met the Committee of the Senate in free conference, and that they have duly considered the same. and are of opinion that the cash in hand and the funds belonging to the State would form a sufficient capital to enable the State to form a Bank, with a firm persuasion that the interest of the State would be greatly benefitted thereby. We, your Committee, therefore respectfully recommend that an Act do pass, so vesting the cash in hand and other funds, in a State Bank, with a power to loan on real security and personal, at an interest of seven per cent., the interest being paid in advance annually, and renewable for years ; being fully persuaded that such an institution would be greatly advantageous to the State, as well as many of the individuals who now labor under great difficulties from the want of circulating Specie.—Your Committee further believe, that with the cash in your Treasury, and the disposable funds of the State, a capital might be formed, amounting to nearly one million of dollars. All which is respectfully submitted by your Committee.

JOS. BLACK, *Chairman.*"

The Bill having undergone the discussion which its importance demanded, and passed a second reading in the Senate, was sent to the House of Representatives. Here it had in due course two readings, and came back to the Senate. The following entry in the Journals, shows the final action of that body.—[*See Journal*, pp. 245–6.]

"The House of Representatives having read a second time and returned to this House, the Bill entitled a Bill to establish a Bank in behalf of and for the benefit of the State. This House then read the Bill a third time. The question was taken, that the Bill do pass, when the Yeas and Nays were called by two members, and were as follows, viz :

"YEAS :—Samuel Warren, President; Messrs. Saml. J. Alston, Wm. Alston, Jos. Bellinger, Jacob Belser, James Campbell, R. Cannon, Wm. Caldwell, Saml. Dunlap, Stephen Elliott, Thos. Fraswell, Benj. Hart, John Hopkins, Jos. Jenkins, Nathan Lipscomb, Peter Lesesne, John McCreary, Wm. B. Mitchell, Jas. Mitchell, Eliah Moore, Frederick Nance, Stephen Ravenel, Joseph Reid, Jas. B. Richardson, Wm. Rouse, Savage Smith, Wm. Smith, Reuben Starke, John Thomas, Starling Tucker, Samuel M. Wallace, Wm. Whitefield.

"NAYS :—Messrs. John Johnson, Jr., and Jas E. McPherson.

"So the same was determined in the affirmative."

The Bill having now had its three readings in the Senate, only required the third reading in the House of Representatives. It was immediately sent to that House, and its Journal [p. 183.] gives the following account of their final action on the subject.

"The House then proceeded to a third reading of the Bill entitled 'A Bill to establish a Bank in behalf of and for the benefit of the State.' And on the question, shall the Bill pass the title be changed to an Act and returned to the Senate, the Ayes and Nays were required, and are as follows, viz :

"Ayes 74.—Nays 28.

"Those who voted in the affirmative, are : Hon. John Geddes Speaker; Messrs. Alexander, Allen, Anderson, Barr, Bay Black, Borham, Bradford, Bullock, Burt, Butler, Caldwell, Cave, Clarke, R. Crenshaw, Creswell, S. Cunningham, Dollard, Donald, D. DuBose, Edwards, Faust, Fishburne, Gist, Glenn, Gray, Grice, Halbert, Heath, Henderson, Hill, Hopkins, Hunt, Hutton, James, Jennings, Johnson, Keckley, Kenner, Lee, Leith, Lowry, Maner, Massey, Means, Mellichampe, Mills, McGill, McGee, Montgomery, Mulligan, Nesbitt, Overstreet, Peay, Perrin, Pettus, L. Pope, W. Pope, Riley, Summers, Taylor, Tarrant, B. Thompson, J. Thompson, J. Walker, S. Walker, Williams, J. Wilson, J. L. Wilson, Witherspoon, Woodward, Wood and Yancey

"Those who voted in the negative are : Messrs. Allison, Arthur, Bennett, Carroll, Cogdell, A. Crenshaw, R. Cunningham, Danl. S. DuBose, Evans, Feider, Frierson, Gaillard, D. E. Huger, Jermaine, Kirkland, Lance, Leggett, Moser, Palmer, Pickens, Pringle, Rowell, Steedman, Salley, Vance, Verree and Youngblood. (Cross by a Resolution of 19th December to allow his vote to be entered in the negative.)

"So the Bill was agreed to.

"Ordered That the Bill be returned to the Senate and that the yeas and nays be printed."

Large bodies are seldom unanimous in their measures. Many causes conspire to create differences of opinion; minds are of unequal intellectual powers; surrounding circumstances present the same subject in various

views to different persons, and provide a wide field for honest disagreement; political associations, party spirit, personal views and clashing interests, co-operate powerfully, often imperceptibly, yet not the less certainly, to influence the deliberations and direct, to some extent, the conduct of Legislators, as well as of other men. No measure was calculated to press into its consideration more of these disturbing agencies, than the establishment of a Bank for the State. Such, however, were the exigencies of the country, and such, we may infer, were the weight of reasons in its favor, that the bill was finally passed, after able discussion, by a very great majority; the aggregate vote of the two Houses being 106 for, to 30 against it.

The conflict which thus commenced with the existence of the institution, has occasionally been revived, and made to agitate the public mind. Opinions are arrayed on both sides, but as opinions of themselves are mere speculations, they settle nothing, and the great question still remains: "Does the Bank answer the ends for which it was established?" This is a question of great importance to the State, and whatever will throw light upon it cannot but be acceptable. The proper answer to it are facts, which are to be found in part in the official documents collected and published in this volume, and partly in transactions on record nowhere but in memory and observation, scattered through the experience of years, and diffused over the whole State, exhibiting the effect of its operations on general business, or in individual cases. If all these could be collected, and so arranged as to present them in one view, elucidating their legitimate bearing on a subject of so much consequence to the public welfare, it would doubtless be acknowledged to be a work of great utility. However desirable it might be here, it is obvious that its length would exclude it from these pages; but as some index to what may in part answer this question, a summary of a few leading particulars is subjoined, succinctly yet specifically indicating the points by which those whose leisure or duties incline them to the task, may be enabled to explore their way.

Before this summary is submitted, a few observations, explanatory of the circumstances which have necessarily exercised an influence over the operations of the Bank, may assist in the examination.

The Bank, it will be remembered, was chartered in a time of war and great pecuniary embarrassments, and when the burthens of taxation were beginning to bear heavily on the country. It was looked to for much relief to individuals, and for assistance to the State, in any exigency, and especially in case the defence of her territory against the enemy required it. It was expected that while ministering in aid of the citizens, and their business and pursuits, it would be a powerful adjunct to her Treasury and resources. Thirty-six years, filled with events and changes of the greatest magnitude, of all that can affect the condition of nations and of individuals, have passed by since it assumed the responsibilities of its existence.—How has it stood the test?

The world had never before, in any equal portion of time, experienced so many and so great revolutions in the condition and occupations of its inhabitants. From wars and peace, from the amazing discoveries of science, and the inventions and improvements in the arts and implements of all industrial pursuits, from the triumphs with steam, in manufactures and navigation and Rail Roads, and the natural progress of things from such causes in this age of universal advancement, the very elements of commerce have been altered, its channels shifted, and its acting agencies been changed, often, and suddenly, and almost without warning. Such irregularities in the great business of commerce could not but produce effects co-extensive on all other business connected with it; their very foundations were shaken, and individuals, communities and nations, the richest and the most powerful, as well as the poor and lowly, have been compelled to bow to these storms, and to bend under these trials. No community has felt these vicissitudes more sensibly than our own; great have been the changes they have wrought in its condition and habits, and in the mode of transacting its business. In the wrecks of these times, and the failures and losses incident to them, confidence, the golden chain which holds society and its countless interests together, has been greatly impaired. From Banks especially, has it been, in late years, almost entirely withdrawn. The effects on them were, an universal suspension in 1837; and, after resumption, another almost as universal in 1839; the breaking of many; the curtailment of the business and profits of all, and an almost entire change in their management and modes of transacting business. Thus, this institution has witnessed periods of intoxicating prosperity, and of crushing adversity—the temptations and trials of both have been known and passed, and it has been, by these vicissitudes, subjected to almost every exigency which can test its capability as a Bank, or as a fiscal agent for the State.

It should also be borne in mind, that when it was chartered, in 1812, the State owed an outstanding Revolutionary debt, the payment of which was charged, by the 14th and 15th sections of its charter, on the capital of the Bank. By subsequent loans the debt of the State was very greatly enlarged, and the interest and principal, instead of being defrayed by taxation, was made payable by the Bank, out of its profits.

After these explanatory observations the question again recurs, "How has the Bank fulfilled the ends for which it was established?" The following summary contains, in the briefest form, a part of what may be said in reply to this grave inquiry.

At the commencement of its operations, it sustained the best interests of the State, and relieved by its loans and discounts, the people, for whose aid it was chartered; it has continued to pursue the same policy ever since; (*Rep. Inv. Com. of 1841, p. 236.*) and, by this course, it has averted ruin from many, helped some through critical periods of adversity, rescued others from necessitous or grasping creditors, lands from being abandoned to waste

and unproductiveness, saved valuable citizens from emigration and exile, and prevented slaves, in considerable numbers, from being carried away, preserving them to cultivate our soil, to increase the wealth of the State, and to pay taxes towards the support of its Government. (*Presid't. Rep.* 1841, p. 454, and 1843, 470.)

In the mean time it contributed its full proportion of aid to the general business of the State by the support of all the interests of the Agricultural, Commercial and Mechanic pursuits.

By the action of the mother Bank and its Branches, it has assisted materially to develop and improve the State and its interior towns, especially by furnishing the means to make good markets of the latter for the produce of the upper Districts, near the homes of the producers, and facilitating its exchanges and transmissions to the points of consumption. (*Presd'ts Rep.* 1819, p. 359. *Rep. Comp. General*, 1824, p. 698.)

It has saved, consolidated and made profitable, funds of the State, which would have been consumed, or been unemployed, or employed less profitably. (*Rep. Inv. Com.* 1820, p. 93. *Ib.* 1821, pp. 96 and 124. *Presid'ts Rep.* 1821, pp. 97 to 99. *Ib.* 1814, p. 346.)

In time of war it made important advances, and saved, by some of them, large sums for the State: (*Rep. Inv. Com.* 1821, pp. 96 and 124:) it offered to make far greater advances, if needed, for its defence from the enemy, (*President's Rep.* 1819, p. 396,) and it made actual loans at critical times, for the defence of Charleston, to the officers of the General Government. (*Journal of Board of Directors.*)

It has made large advances for the State in times of peace, sometimes for emergencies not provided for, but more often to supply temporary deficiencies in the Treasury, and pay the ordinary expenses of the State, by which an increase of taxes has been avoided. (*Rep. Inv. Com.* 1821, pp. 96 and 124. *Presd'ts Rep.* 1821, pp. 100 102. *Ib.* 1814, p. 346. *Ib.* 1839, p. 438. *Ib.* 1840, pp. 444, 5, 6.)

The Bank has always been a most important agency of the State in regard to her finances, credit, and public debt—it has been entrusted with the high discretionary power of creating a public debt by borrowing \$300,000 to increase the capital, (14 Sec. Charter) which it never exercised, and again in 1832 with power to borrow a like sum of \$300,000, which was never done. (*A. A.* 1832, p. 37.)

But in paying and reducing the public debt, it has been almost the only agency used, and has furnished nearly all the money paid; the facts are as follows:

In 1812, when it was chartered, the State owed a balance of Revolutionary debt called "Old 6 per cents," "Deferred 6 per cents," and "3 per cents" amounting to \$540,004 24. This debt was charged on the capital of the Bank, and out of that capital the Bank has purchased and extin-

guished \$298,537 14, for which it paid \$248,892 87, saving thereby \$49,644 27, but getting credit for only the sum actually paid.

By the Act of 1820 (p. 19) and several subsequent Acts, the capital and profits of the Bank have been pledged as security for money borrowed by the State. Before this Act passed the profits had all been paid into the Treasury, and since, they have been applied to pay the interest and principal of the public debt. The profits made by the Bank 1st October 1847, were \$4,587,050 74, while its payments for the State have been \$5,331,636 07, paid as follows. viz: for Revolutionary debt out of capital \$248,892 87: into the Treasury, \$592,001 28: interest on stocks \$2,723,502 56: and for payment of principal of public debt \$1,767,239 36. These payments come down to 1st June 1848, and of this vast sum the capital and profits of the Bank contributed \$4,835,943 61, and the Surplus Revenue and Rail Road dividends the balance.

But besides these payments of money for the State the Bank has further reduced the debt of the State for the Fire Loan from \$2,000,000 to \$1,810,253 37, by cancelling the Bonds of this Loan which it held as part of its capital, to the amount of \$189,746 63, having asked and obtained the consent of the Legislature therefor in 1843. (*President's Rep.* 1843. p. 472. *Rep. and Res. of Com. W. M.* 1843, p. 608.)

During the thirty-six years of its existence it has been the depository of the revenues and funds of the State. Besides those from the Surplus Revenue and Fire Loan, it has received, kept safely and paid out, without charging or losing a cent, all the funds of both the Treasuries, making, as the public exigencies required, transfers of large sums from one to the other. These receipts and payments amounted on 1st Oct. 1847, to \$27,896,650 04, and have since swelled to over \$28,000,000.

While the Bank has discharged with remarkable advantage for the public interest, and without charge or loss, all these important services, it has preserved the capital entire, and its funds safe, and maintained the character and credit of the State in Europe and at home, without blot or suspicion, by punctually paying the interest and principal of the debts of the State as they fall due, preserving for South Carolina an eminent and enviable reputation for good faith and punctuality in her transactions. (*Rep. Inv. Com.* 1841, p. 236. *Presdt's Rep.* 1839, p. 438; *Ib.* 1840, p. 444-5. *Rep. Special Com.* 1846, p. 652. *Rep. Com. Finance & Banks*, 1847.)

And it has sustained, in like manner, its own credit unimpaired, especially during the last suspension, by maintaining specie payments, in accordance with the wishes and best interests of the State; (*Comp. Genl. Rep.* 1837, p. 678. *Presdt's Rep.* 1837, p. 431. *Ib.* 1839, p. 439. *Ib.* 1840, pp. 442, 3, 4, 5; ) for which last, and its "co-operation with the State in promoting those measures which have been deemed essential to the public welfare," the Legislature of 1841 was pleased to declare that it "deserved the confidence and support of the people." (*Resolution*, 1841, p. 82.)



## ACTS.

AN ACT TO ESTABLISH A BANK, ON BEHALF OF AND FOR THE BENEFIT OF THE STATE. A. A. 1812, p. 47.

WHEREAS, it is deemed expedient and beneficial, both to the State and to the citizens thereof, to establish a Bank on the funds of the State, for the purpose of discounting paper, and making loans for longer periods than has heretofore been customary, and on security different from what has hitherto been required :

1. *Be it therefore enacted by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same,* That a Bank shall be established in the name and on behalf of the State of South Carolina, in the manner and on the conditions and limitations hereinafter expressed :

1st. All the stock belonging to the State, of all descriptions whatsoever, whether six per cent. stock of the United States, three per cent. stock, loan office bonds, shares in the State Bank and in the Planters' and Mechanics' Bank, and all bonds and notes due the State, shall constitute and form the capital of the said Bank, and shall be vested in the President and Directors, to be appointed as hereinafter prescribed, and their successors ; and the faith of the State is hereby pledged for the support of the said Bank, and to supply any deficiency in the funds specifically pledged, and to make good all losses arising from such deficiency.

2d. All the unexpended money in the Treasuries of the State, and all the taxes to be hereafter collected on account of the State, shall be deposited in this Bank, to aid and facilitate the operations of the same, subject, nevertheless, to all the drafts on the part of the State, authorized by legal appropriations.

3d. All the stock now in the possession of the State, which has been purchased to meet the claims of Strickhysen and Luxembourg against the State, shall be deposited in the said Bank, and the interest be received by the Bank, until the payment of the same to the creditors of the State be ordered by law.



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Power of the  
President and  
Directors.

4th. The President and Directors for the time being shall have power to elect and remove the Cashier; and they shall also have power to appoint such officers, clerks, and servants under them, as shall be necessary for executing the business of the said corporation, and allow them such compensation for their services as may be reasonable. They shall receive money on deposit, and pay away the same to order, free of expense, discount bills of exchange, accepted and payable within the State of South Carolina, and notes with two or more good names thereon, or secured by a deposit of Bank or other public stock, at a rate of interest not exceeding one per cent. discount for sixty days; and shall also have power to make loans to citizens of this State, in the nature of discount, on real or personal property, secured by mortgage and power of attorney to confess judgment on default of payment: *Provided*, that the sum so loaned shall never exceed the one-third part of the real unincumbered value of the property so mortgaged; and provided further, that the loan shall never be for a longer term than one year, nor draw a greater interest than at the rate of seven per cent., which shall always be paid in advance, and shall always be payable in the months of February or March next succeeding such loan, unless an earlier day be fixed by the borrower; and provided further, that no loan be in any case whatever renewed, unless the interest for the ensuing year be paid in advance; and provided further, that no individual be permitted to borrow on his own account, on the security of real property, a greater sum than two thousand dollars.

Loans, how to  
be made.

Loans, how to  
be called in.

5th. The Directors for the time being shall call in one-tenth of each loan in each year, and shall have it in their power to call in, in each year, one-fourth part of the loans made on real and personal security, giving a notice of not less than sixty days in some of the gazettes of the State; and all persons who shall fail to make such payment, shall be deprived in future of credit in the said Bank, and judgment shall be immediately entered up on the power of attorney given as above required, and execution shall immediately be issued in the name and on behalf of the Bank, against such person or persons, for the whole amount of the debt which may be due the said Bank.

Debts of the  
corporation  
limited.

6th. The total amount of the debts which the said corporation shall at any time owe, whether by bond, bill, note, or contract, shall not exceed twice the amount of its capital, over and above the monies then actually deposited in the Bank for safe keeping, unless the contracting of any greater debt shall have been previously authorized by a law of this State; in case of excess, the Directors under whose administration it shall happen, shall be liable for the same in their private capacities, and an action of debt may in such case be brought against them, or any of them, their or any of their heirs, executors or administrators, in any court of this State having jurisdiction, by any creditor or creditors of the said corporation, and may be prosecuted to judgment and execution, any condition, covenant and agreement to the contrary notwithstanding. But this shall not be construed to exempt the said Bank, or the lands, tene-

ments, goods or chattels of the same, and on their insufficiency, the State of South Carolina, from being also liable for, and being chargeable with, the said excess. Such of the said Directors who may have been absent when said excess was contracted or created, or who may have dissented from the resolution or act by which the same was contracted or created, may respectively exonerate themselves from being individually liable, by entering, if present, their dissent on the books of the Bank, at the time the debt may be so contracted, and forthwith giving notice of the same to the Comptroller General of the State.

1812.

7th. Immediately after the passing of this Act, the Legislature shall proceed to elect, by joint ballot, a President and twelve Directors, to manage and conduct the business of the said Bank; and all future elections of a President and Directors shall be by joint ballot of the Legislature.

8th. The President shall be elected for one year, and at the expiration of that term shall be re-eligible, and shall be allowed for his services the sum of two thousand five hundred dollars per annum.

9th. In case of a vacancy occasioned by the death, resignation, or removal out of the State, of any Director, a majority of the Directors shall fill up such vacancy, and the Director so appointed shall hold his office during the remainder of the term which the Director so dying, resigning, or removing out of the State, had to serve.

10th. In case of the death, resignation, or removal out of the State, of the President, (unless such removal be temporary, and by permission of the Board of Directors,) the Directors shall appoint one of their own body as President, who shall serve until the next session of the Legislature, when such vacancy shall be filled by joint ballot.

11th. No person who is not a citizen of this State, or who is a Director of any other Bank, or co-partner of any such Bank, shall be eligible as President or Director of this Bank.

12th. Not less than five Directors shall constitute a board for the transaction of business, of whom the President shall always be one, except in case of sickness or necessary absence, in which case his place may be supplied by any other Director, whom he, by writing under his hand, shall nominate for the purpose; and in default of such nomination by the President, or in case of the sickness or necessary absence of the person so appointed, in either event the board of Directors may by ballot appoint a temporary President.

13th. The Directors shall keep fair and regular entries, in a book to be provided for the purpose, of their proceedings; and on any question where two Directors shall require it, the yeas and nays of the Directors voting shall be duly inserted on their minutes, and those minutes be, at all times, on demand, produced to the Legislature, or any committee thereof who may be legally authorized to require the same.

14th. Every President and Cashier, before he enters on the execution of his duty, shall give bond, with two or more securities, to the satisfaction of the Directors, in a sum not less

1812.

than twenty thousand dollars, conditioned for his good behavior; and the Tellers and Clerks shall give security in a sum not less than five thousand, nor more than fifteen thousand dollars.

Oath.

15th. The President, Directors, Cashier, and all other officers and servants, shall take the following oath, on entering on the duties of their respective offices: I, A. B., do solemnly swear, that I will faithfully discharge the trust reposed in me as \_\_\_\_\_ of the Bank of the State of South Carolina.

Name and  
style of the  
corporation.

16th. This Bank is hereby incorporated and made a corporation and body politic, by the name and style of "The President and Directors of the Bank of the State of South Carolina," and so shall continue until the first day of May, one thousand eight hundred and thirty-five, and by that name shall be, and

May hold real  
and personal  
property, &c.

are hereby made, able and capable in law, to have, purchase, receive, possess, enjoy and retain, to them and their successors, lands, rents, tenements, hereditaments, goods, chattels, and effects, of what kind, nature, or quality soever, and the same to sell, grant, demise, alien, or dispose of; to sue and be sued, plead and be impleaded, answer and be answered, defend and be defended, in courts of record, or any other place whatsoever; and also to make, have, and use a common seal, and the same to break, alter and renew at their pleasure; and also to ordain, establish, and put in execution, such bye-laws, ordinances, and regulations as shall seem necessary and convenient for the government of the said corporation, not being contrary to law or the constitution thereof; and generally to do and execute all and singular such acts, matters and things which to them it shall or may appertain to do; subject, nevertheless, to the rules, regulations, restrictions, limitations, and provisions prescribed in this Act.

Notes to be issued.

17th. The President and Directors shall have power to issue notes, signed by the President and countersigned by the Cashier, not under the denomination of one dollar, on behalf of the said corporation, for such sums and with such devices as they may deem most expedient and safe; they shall also be capable of exercising such other powers and authorities as may be necessary for the well-governing and ordering the affairs of the said corporation, and of promoting its interest and its credit; any law, usage, or custom to the contrary notwithstanding.

Value of property mortgaged, how to be ascertained.

II. *And be it further enacted*, That the value of the property mortgaged under this Act shall be ascertained, to the satisfaction of the President and Directors, who shall be answerable to the State in an action at law, or a suit in equity, wherein the damages incurred by taking insufficient security shall be assessed by the jury, or by the decree of the Court, unless the Judges of law or equity, as the case may be, shall be of opinion, and certify, that every necessary precaution was used, and no manner of neglect, on the part of the President and Directors: *Provided, nevertheless*, that in order to secure the President and Directors more effectually from imposition, any person or persons who shall apply to them for monies on loan, shall produce a just and true account of the property proposed

to be mortgaged, which said property shall be valued on 1812.  
oath, by commissioners hereinafter to be appointed.

III. *And be it further enacted,* That all and every person or persons who may apply to the President and Directors of the Bank of the State of South Carolina for any sum or sums upon loan, which is to be secured by any mortgage or mortgage, he, she, or they shall submit their titles to the lands intended to be mortgaged, to the inspection of the said Board of Directors, before the obtaining of such loan. Application for money on loan, how to be made.

IV. *And be it further enacted,* That the mortgage shall be taken in the following form: I, A. B., do assign over to the President and Directors of the Bank of the State of South Carolina, my [here describe the estate particularly] which estate I declare to be in mortgage for the repayment of ———, with the legal interest of seven per cent. per annum, from the date hereof; and I do agree that the same may be exposed to sale according to an Act entitled "An Act to establish a Bank in behalf of and for the benefit of the State," if I do not repay the principal and interest at the several and respective times on which they shall be lawfully due and payable. Witness my hand and seal, this ——— day of ——— one thousand eight hundred and ———. Which mortgage shall be accompanied with a bond for the sum so borrowed, and shall be valid to all intents and purposes. Form of mortgage.

V. *And be it further enacted,* That all mortgages taken for loans of money under this Act, shall be considered as being recorded from the date thereof, and shall have priority of any mortgages of the same property, not previously recorded in the proper offices. Mortgage to be considered as on record from date.

VI. *And be it further enacted,* That the principal Bank established by this Act shall be fixed and established at Charleston; and the President and Directors shall establish a Bank at Columbia, for the purposes of discount and deposit, and to appoint the Directors and Officers of such branch, and to fix their salaries and prescribe their duties; and may allot the said branch any portion of the active capital of the said Bank, as may to them seem advantageous. Banks at Charleston and Columbia.

VII. *And be it further enacted,* That the sums of money loaned out on mortgage of real property, shall be apportioned among the election districts throughout the State, in proportion to the number of representatives of the State Legislature in each election district—and wherever the sum allotted for any district cannot be loaned on good terms to the inhabitants of such district, in a reasonable time, it shall then be loaned to the inhabitants of any other district, who may apply for the same. Money loaned on mortgage to be apportioned among the districts.

VIII. *And be it further enacted,* That the bills obligatory of credit under the seal of the said corporation, which shall be made to any person or persons, shall be assignable by endorsement thereupon, under the hand or hands of such person or persons, and of his, her or their assignee or assignees, and so as absolutely to transfer and vest the property thereof in each and every assignee or assignees successively, and to ena- Bills how assignable.

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ble such assignee or assignees to bring and maintain an action thereupon, in his, her or their own name or names; and bills or notes which may be issued by order of the said corporation, signed by the President and countersigned by the principal Cashier or Treasurer thereof, promising the payment of money to any person or persons, his, her or their order, or to bearer, though not under the seal of the said corporation, shall be binding and obligatory upon the same, in the like manner, and with the like force and effect, as upon any private person or persons, if issued by him, her or them, in his, her or their private or natural capacity or capacities, and shall be assignable and negotiable in like manner as if they were so issued by such private person or persons; that is to say, those which are or shall be payable to any person or persons, his, her or their order, shall be assignable by indorsement, in like manner and with the like effect as foreign bills of exchange now are; and those which are or shall be payable to bearer, shall be negotiable and assignable by delivery only.

No Director to loan out money at an illegal rate of interest.

IX. *And be it further enacted*, That no director, officer, clerk or servant of the said corporation, shall be concerned, either directly or indirectly, in the practice of advancing or loaning out monies at an illegal rate of interest, whether the same be done or effected under the form and color of a purchase or exchange of notes, acceptances, due bills, checks on banks, acknowledgments, or in any other way or manner whatsoever; and all and every such director, officer, clerk or servant of this Bank, who shall be concerned as aforesaid in any such practices, shall, in addition to the usual penalties imposed by law, forfeit and pay for each offence the sum of two thousand dollars, to be recovered by action of debt in any court of record in this State; one-half to the use of the informer, the other half to the use of State—and to be levied of the goods and chattels, and houses, lands, tenements, and other hereditaments and real estates of the person or persons so offending, if any he or they shall have; and on failure of any property to answer the said penalty by a return of *nulla bona*, the person or persons so offending shall and may be taken on execution, upon a *capias ad satisfaciendum*, and being so taken, shall not be entitled to the benefit of any Act made for the relief of insolvent debtors, until he or they shall have remained and been confined in prison for the term of six months at least. And any such person being convicted by the verdict of a jury of any of the practices aforesaid, whether he be a director or officer or servant of this Bank, shall, on motion of any director, be dismissed from the service of the said Bank.

Legislature to be furnished with a statement of the transactions of the Bank.

X. *And be it further enacted*, That the Legislature of the State shall be furnished with a general statement of the transactions of the Bank, signed by the Cashier, and counter signed by the President, as often as they may require the same; and it shall also be the duty of the Comptroller General to inspect such general account in the books of the Bank, as often as he may please—and it shall, and is hereby declared to

be his duty, faithfully to report all' and every violation of the fundamental rules of this corporation to the Legislature: *Provided, however,* that nothing in this clause shall imply a right of inspecting the account of any private individual or individuals, or any body politic or corporate with the Bank. 1812.

XI. *And be it further enacted,* That all the interest which may be paid on the stock due this State by the United States, and now becoming a part of the capital of this Bank, and all the dividends on the bank shares of the State Bank, and Planters and Mechanics' Bank, which this Bank may hold, and all the interest arising from the loans and discounts which may be made by this Bank, after its necessary expenses shall have been paid, shall constitute and be considered as a part of the annual revenue of this State, subject to the pleasure of the Legislature. But whatever part of this sum shall at any time remain unexpended by the Legislature, and all the principal which shall be paid on the stock of the United States, and all sums arising from the sale of Bank stock, shall be considered and become a part of the capital stock of this Bank. Income of Bank to be part of the revenue of the State.

XII. *And be it further enacted,* That the President and Directors of the corporation hereby intended to be incorporated, shall apply to the United States for stock of a transferable nature, in lieu of that which the State now holds, which is not of a transferable nature. Corporation to apply to U. S. for transferable stock.

XIII. *And be it further enacted,* That the President and Directors shall have full power and authority to sell out, at their discretion, any share or shares which the State now holds, or may hereafter hold, in any bank within this State, or to negotiate foreign bills of exchange. Stock in other Banks may be sold.

XIV. *And be it further enacted,* That the Treasurer of the Lower Division, under the direction of the Comptroller General, shall, and is hereby authorized, at the instance of the President and Directors of the said Bank, to issue six per cent stock on the credit of this State, and on the faith and credit of the stock of the United States, vested in them by this Act, to an amount not exceeding three hundred thousand dollars, redeemable at the pleasure of the State; and it shall be their duty, from the quarterly and annual payments received on the aforesaid stock of the United States, to pay the holders of the present State debt, and the holders of the stock to be issued under authority of this Act, the quarterly interest due on the said stock; and shall, from the aforesaid quarterly and annual receipts on the said stock of the United States, apply such a sum annually towards the redemption of the present outstanding State debt, as shall, on or before the last day of December, one thousand eight hundred and twenty-four, finally redeem and extinguish the same; and the said President and Directors are hereby authorized and empowered to sell and dispose of the said three hundred thousand dollars of six per cent. stock created under the authority of this Act, from time to time, for the purpose of increasing the capi- Six per cent. stock to be issued on the credit of the State.

1812.

Three per cent. stock how to be redeemed, and annual report to be made.

Bills or notes, where receivable.

Public monies to be deposited in the Bank.

Lot in Columbia granted to the corporation.

Securities, how liable.

Commissioners to be appointed in each district.

tal of the Bank hereby established, provided the same is not at any time sold under par.

XV. *And be it further enacted*, That the three per cent. stock of the State now outstanding, shall not be redeemed or paid off at a higher rate than fifty-five per cent; and the President and Directors shall report annually, on the first day of October, to the Comptroller, to be by him submitted to the Legislature, the amount of the stock issued under the authority of this Act, and of the sum annually redeemed.

XVI. *And be it further enacted*, That the bills or notes of the said corporation, originally made payable, or which shall have become payable on demand, in gold or silver coin, shall be receivable at the Treasury of this State, either at Charleston or Columbia, and by all tax collectors and other public officers, in all payments for taxes or other monies due to the State.

XVII. *And be it further enacted*, That not only the Treasurers, but also the Tax Collectors of the Parishes of St. Phillip and St. Michael, the Sheriff of Charleston district, the Prothonotary of the Court of Common Pleas and General Sessions, and the Master in Equity, shall, weekly or monthly, deposit, for safe keeping, the monies which they may respectively receive, in the said Bank only; and on failure thereof, or on such persons depositing public monies in any other Bank, he or they shall respectively forfeit, for each offence, the sum of one thousand dollars, to be recovered as other penalties by this Act are directed to be recovered; and all Acts and clauses of Acts repugnant to this Act, be, and the same are hereby, repealed.

XVIII. *And be it further enacted*, That for the purpose of erecting suitable buildings for the accommodation of the Bank, any lot or square in the town of Columbia belonging to the State, and not heretofore appropriated, which the President and Directors may deem suitable for this purpose, is hereby granted to and vested in the said corporation; and until such building shall be erected, the President and Directors are hereby authorized to use any part of the State House at Columbia, which may not be wanted for, or applied to, the immediate use of the State.

XIX. *And be it further enacted*, That the persons who shall be approved of and joined as securities in the bonds prescribed by this Act, shall severally be held and deemed liable, each one for his equal part of the whole sum in which the bond is given, the said sum to be divided into as many equal parts as there shall be securities in the bond, and no more than such equal part shall be in any court recoverable of or from any one of the said securities, his heirs, executors or administrators—but nothing in this Act contained shall operate to prevent the securities from having and obtaining, amongst one another, just and equitable aid and contribution, as in other cases of securityship, where there are several securities.

XX. *And be it further enacted*, That the President and Directors shall have power to appoint five Commissioners in each election district, to value and appraise the lands which may be offered in mortgage to the Bank; and every valuation of

land in any election district, shall be certified by three or more of the said Commissioners; and the President and Directors shall have the power to fill up all vacancies, or to remove any such Commissioners at pleasure. 1812.

XXI. *And be it further enacted*, That the Directors, or a majority of them, be, and they are hereby, authorized, should they at any time deem it proper to borrow on the credit of the State, from any of the Banks or individuals, a sum not exceeding three hundred thousand dollars, for a period not exceeding, at any one time, ninety days: *Provided*, That an interest not exceeding the rate of six per cent. per annum shall be allowed for the same. Directors may borrow on the credit of the State.

XXII. *And be it further enacted*, That in all cases where the interest to become due under the provisions of this Act, and the loans to be made in pursuance thereof, and in all cases where the principal to be loaned under this Act, or any part thereof, shall be in arrear or due, the Directors of the said Bank shall be, and they are hereby, authorized and empowered, (if they shall so think fit) to advertize the mortgaged property for three weeks, in one or more of the gazettes in Columbia and Charleston, and in the different districts where the mortgaged premises lie, and on the first Monday in March, in each and every year, shall expose, or cause the same to be exposed to sale by the sheriff, at the Court Houses of the respective districts in which the mortgaged premises may be, and sold to the highest bidder for cash; and the President and Directors are hereby fully authorized and empowered to make conveyances for the same to the purchasers thereof, or to buy the same in, if they shall think fit, for the benefit of the institution. Mortgaged property may be sold.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR 1812."

A. A. 1812.  
p. 25.  
S. L. vol. 5  
p. 690.

VII. *And be it enacted* by the authority aforesaid, That the Treasurer of the Lower Division of this State be, and he is hereby, authorized and directed, on the application of the President and Directors of the Bank of the State of South Carolina, to deliver over to them, or to any person duly authorized by them, all the certificates of stock of the United States in the Treasury, together with all bonds, notes, and other securities due the State, and also the shares of the State and Planters' and Mechanics' Banks; and he is hereby further directed, when applied to for that purpose, to draw from the State Bank, under the warrant of the Comptroller General, all the public money therein deposited; and from time to time, and at all times hereafter, to deposit all monies received by him on account of the State, in the said Bank. Funds allotted for the Bank of the State of So. Carolina.



1813. **AN ACT TO EXPLAIN AND AMEND AN ACT ENTITLED "AN ACT TO ESTABLISH A BANK ON BEHALF OF AND FOR THE BENEFIT OF THE STATE."**
- A. A. 1813.**  
**p. 33.**  
**S. L. vol. 8.**  
**p. 31.**
- Interest money to be put in Bank.** WHEREAS, the Act entitled "An Act to establish a Bank on behalf of and for the benefit of the State," requires sundry alterations and amendments:
- Other money to be put in Bank.** I. *Be it therefore enacted, &c.* That the Comptroller be, and he is hereby, authorized and directed to transfer to the Bank, on account of capital, all sums which may be received from the United States on account of the principal of their debt, and all sums which, though received nominally as interest, may operate to extinguish the principal of their debt.
- Public officers to put money in said Bank.** II. *And be it further enacted.* That the Comptroller be, and he is hereby, authorized and directed to transfer to the Bank, on account of capital, on the second day of April, 1814, all monies received in the course of the preceding year, and remaining in the Treasury on the second of April, in each and every year.
- No other bank to issue bills under \$5.** III. *And be in further enacted,* That all officers directed by the Act establishing the Bank of the State of South Carolina, to deposit in the said Bank the public monies which they may respectfully receive, shall in like manner deposite in the Bank of the State of South Carolina each and every sum of money which may be received by them in virtue of their office, either in suits actually depending, or in consequence of the decrees of the courts of law and equity in this State, and until the actual investment of such funds, in cases where the courts of law and equity shall order sums of money to be invested in funds of a particular description. And all such officers are moreover enjoined and directed to deposite each and every sum deposited by them under the provisions of this Act, or the Act to which this is an amendment, in their names as public officers, distinctly from any deposit made by them in their own names and on their own account as private individuals, and to specify the amount of each sum so deposited, and on what account such deposit is made.
- Directors may be expelled.** IV. *And be it further enacted,* That no Bank or Banks, other than the Bank of the State of South Carolina, shall issue or put into circulation bills of a lower denomination than five dollars; any Act or clause of any Act, to the contrary notwithstanding.
- President and Directors to be elected annually.** V. *And be it further enacted.* That a majority of the members present at any regular meeting of the Directors of the Bank of the State of South Carolina, may suspend any Director with a view to his expulsion; and any member may be expelled at a meeting of the Board of Directors, specially convened by the President for that purpose, as soon after such suspension takes place as may be practicable: but such expulsion shall not be made by a majority of less than two-thirds of the whole number of the Directors.
- VI. *And be it further enacted,* That from and after the passing of this Act, the legislature shall annually elect, by joint ballot of both branches, a President and twelve Direc-

tors, whose services shall commence on the first day of February next ensuing such election, and continue for one year.

VII. *And be it further enacted,* That the Comptroller General shall be furnished, as often as he may require, not exceeding once a month, with statements of the amount of the capital stock of the Bank, and of the debts due to the same, of the monies deposited therein, of the notes in circulation and of the cash in hand: and he shall, under the injunction of secrecy, have a right to inspect all the accounts and books of the Bank: *Provided*, that this right shall not be construed to imply a right of inspecting the account of any private individual or individuals with the Bank. And it shall be the duty of the Comptroller General to make an annual report to the Legislature on the subject of the Bank; and if in his opinion the transactions of the Bank, or any particular circumstance relating thereto, shall require it, he shall apply to the house for a select committee of three members to be appointed, who shall, under a like injunction of secrecy, take into consideration any matters relating to the said Bank, submitted to them by the Comptroller General, and report thereon at their discretion to the Legislature.

1813.

Comptroller to be furnished with statements of amount of the capital stock of the Bank.

VIII. *And be it further enacted,* That the Comptroller General for the time being shall not be a Director, nor hold any office of trust or profit in or under any Bank whatsoever.

Comptroller not to be a Director.

IX. *And be it further enacted,* That the President and Directors of the Bank of the State of South Carolina are hereby immediately authorized and required to make loans at Columbia, to the citizens of this State, on mortgage, in the same manner, on the same principles, terms, and conditions, and under the same restrictions, as money is loaned from the said Bank in Charleston on mortgage.

Loans to be made at Columbia.

X. *And be it further enacted,* That the assessors appointed by the President and Directors of the said Bank to value lands and other property to be mortgaged to the said Bank, shall receive each for their services, not exceeding one dollar per diem, to be paid by those who may borrow money from said Bank.

Compensation to Assessors.

XI. *And be it further enacted,* That the President, Cashier and all other officers of the Bank of the State of South Carolina, and the branch thereof, shall be exempted from the performance of ordinary militia duty.

Officers exempt from militia duty.

FROM "AN ACT TO RAISE SUPPLIES." &c.

A. A. 1814.

p. 11.  
Also 1815, p. 7.  
S. L. vol. 5,  
p. 732.  
S. L., vol. 6,  
p. 9.

XVIII. *And be it enacted,* by the authority aforesaid. That in all cases where the Legislature shall omit or neglect to fill up the Board of Directors of the Bank of the State of South Carolina, the Directors appointed by such Legislature shall, with the President, fill up such vacancies as shall occur by

1814.

The Board to fill all vacancies and deficiencies in the Direction.

such omission on the part of the Legislature to appoint a full Board of Directors, in the manner they are now authorised to do, where vacancies occur by death or resignation; and if at any time the Legislature should appoint any number of Directors less than seven, the existing Board of Directors may appoint such number of Directors as, with those appointed by the Legislature, shall make up the number of seven, and these seven, with the President, shall appoint the remaining five directors; and where the Legislature shall wholly omit, at any session, to appoint a President or Directors, those then in office shall continue until a new appointment shall be made by the Legislature.

A. A. 1814,  
p. 20.  
S. L. vol. 8,  
p. 33.

AN ACT TO ALTER AND AMEND THE CHARTER OF THE BANK OF THE STATE OF SOUTH CAROLINA, SO FAR AS RELATES TO THE ISSUING OF BILLS OF A LESS DENOMINATION THAN ONE DOLLAR; AND FOR OTHER PURPOSES THEREIN MENTIONED.

Authorised to issue bills of less denomination than one dollar.

I. *Be it enacted, &c.* That the President and Directors of the Bank of the State of South Carolina shall be, and they are hereby, authorised and required to issue bills of a less denomination than one dollar, to be signed by a Deputy Cashier, to be appointed as hereinafter mentioned, and to be countersigned by either of the Directors, or by some person appointed by them for that purpose.

Deputy Cashier to be elected. His duties, salary, and security.

II. *And be it further enacted,* That immediately after the passing of this Act, the President and Directors shall elect a Deputy Cashier, whose duty it shall be, under their direction, to sign all bills of a less denomination than one dollar, to enter the same in the manner and in conformity to the existing rules of the Bank relative to its issues, and to note the mutilated bills when cancelled by the President and Directors: in addition to which he shall perform all such other services as may be required, and shall receive such compensation as the President and Directors may deem proper, and shall, before he enters on the duties of his office, give bond, with security, to be approved by them, in the sum of ten thousand dollars.

No other body politic or corporate to issue bills of credit.

III. *And be it enacted,* That no body politic or corporate, within this State, shall be allowed to issue any bills of credit in the nature of a circulating medium, or other than such as answer the purpose of contracts, under the penalty of ten dollars for each and every dollar issued: *Provided, nevertheless,* that this clause shall not be so construed as to effect the chartered rights of any banking institution within this State, heretofore incorporated by an Act of the Legislature.

City Council of Charleston to call in bills of credit.

IV. *And be it enacted,* That the City Council of Charleston shall be, and they are hereby, allowed the time of twelve months, after the first day of January one thousand eight

hundred and fifteen, to call in all bills of credit issued by them in the name of a circulating medium. 1816.

AN ACT TO AUTHORIZE THE PRESIDENT AND DIRECTORS OF THE BANK OF THE STATE OF SOUTH CAROLINA TO CALL IN THE PAPER MEDIUM LOAN OFFICE BONDS, AND TO ESTABLISH A BRANCH IN GEORGETOWN. A. A. 1816, p. 19. S. L. vol. 8, p. 35.

I. *Be it enacted, &c.* That the President and Directors of the Bank of the State of South Carolina be, and they are hereby, authorized and empowered to require the Treasurer of the Lower Division to call in and demand payment of the bonds due to the Paper Medium Loan Office, or such part thereof as they, the said President and Directors, shall think proper; and the said Treasurer is hereby authorised and directed, whenever so required, to give at least three months' notice, in one or more of the newspapers of this State, of the part or portion required to be paid; and in case of non-compliance with the requisitions in such notice contained, the Treasurer aforesaid is hereby required to sell, or cause to be sold, the land mortgaged for the payment of such bonds as shall not be paid according to the provision of the Act in such case made and provided: *Provided nevertheless*, the said President and Directors do not require the Treasurer to call in and demand payment of more than one-third, annually, of the amount of any bond so due to the Paper Medium Loan Office.

Treasurer of Lower Division to call in and demand payment of bonds, &c.

II. *And be it further enacted*, That the President and Directors of the Bank of the State of South Carolina shall, whenever they may deem it expedient, establish a branch of the said Bank at Georgetown, with like powers and authorities, and in like manner, as the Branch now established at Columbia.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR 1816."

A. A. 1816, p. 59.

S. L. vol. 6, p. 50.

III. *Be it enacted* by the authority aforesaid, That all payments hereafter to be made by the Treasurers of the Upper and Lower Divisions, shall be by drafts or checks upon the Bank of the State of South Carolina or its branches, and in no other way; and such drafts or checks, as far as relates to the town treasury, shall be countersigned by the Comptroller General for the time being, or his agent or clerk, duly authorised by him for that purpose. Treasurers to pay by checks on Bank.

1816. *IV. And be it further enacted,* That no payment of money shall be made by any public officer of this State, to either of the Treasurers, in any other manner than by a check or draft upon the Bank of the State of South Carolina, or its branches, which may be nearest to the treasury, so as to make it indispensably necessary for such public officer to deposit his money in such Bank or its branches, previous to his making such payment.\*

All public officers to pay by checks on the Bank.

A. A. 1816,  
p. 43.  
S. L. vol. 6,  
p. 34.

**AN ACT TO PROHIBIT THE ISSUING OF BILLS OR NEGOTIABLE NOTES UNDER THE DENOMINATION OF ONE DOLLAR; AND FOR OTHER PURPOSES THEREIN MENTIONED.**

Penalty on individuals or companies for passing bills under \$1.

*I. Be it enacted, &c.* That from and after the first day of May next, all Bills or promissory notes, payable to order or bearer, which shall be issued by any individual or company or body corporate, the Bank of the State of South Carolina excepted, within this State, for any sum or sums under one dollar, shall be void; and any person or persons who shall pass, or attempt to pass, or receive, any such bill in payment, shall be liable to be indicted therefor, and on conviction thereof shall be fined not exceeding ten dollars.

Ditto under \$5.

*II. And be it further enacted,* That from and after the first day of January, in the year of our Lord one thousand eight hundred and eighteen, any person or persons who shall, within this State, pass, or attempt to pass, or receive in payment, any bills or bills purporting to be bill or bills of any Bank or body corporate, the bills of the Bank of the State of South Carolina excepted, of a lower amount or denomination than five dollars, shall be liable to be indicted therefor, and on conviction thereof shall be fined not exceeding the sum of fifty dollars.

Comptroller to publish this Act.

*III. And be it further enacted,* That the Comptroller General of this State shall, forthwith, cause this Act to be published four times in one of the gazettes of each district of this State where a gazette is published.

A. A. 1817,  
p. 29.  
S. L. vol. 8,  
p. 36.  
Banks authorized to make loans at 12 months, &c.

**AN ACT TO AMEND THE SEVERAL ACTS INCORPORATING THE BANK OF THE STATE OF SOUTH CAROLINA.**

*1. Be it enacted, &c.* That the President, Directors and company of any incorporated Bank in this State, shall be, and

\* These two sections were re-enacted in 1817 and 1818, in like words, and are therefore omitted from those years.

they are hereby authorized, to make loans, on negotiable paper, for any period not exceeding twelve months, and also to open an account and give a credit to any other Bank or Banks in any of the sister States.

1816.



II. *And be it further enacted*, That the said corporations shall have power to vest, from time to time, such part of their capital, not exceeding, (with the amount of stock any such Bank may now hold) one-half of the amount originally subscribed to such Bank, in the stock of this State or of the United States, as they in their judgment and discretion shall see fit and proper; and that all parts of the Acts of incorporation heretofore granted to them, repugnant to this Act and its provisions, be repealed; *Provided*, that this Act, or anything herein contained, shall not be construed so as to prevent the Legislature of this State from prohibiting the purchase of such stock, whenever it may be deemed expedient.

AN ACT TO ALTER AND AMEND AN ACT ENTITLED "AN ACT TO ESTABLISH A BANK ON BEHALF OF AND FOR THE BENEFIT OF THE STATE." A. A. 1817, p. 29.  
S. L. vol. 8, p. 36.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That it shall be the duty of the Prothonotary or Clerks of the Courts of Common Pleas and General Sessions, the Master and Commissioners in Equity, and the Sheriffs of Charleston, Georgetown and Richland Districts, on the first Monday in every month, to furnish or cause to be furnished to the Board of Directors of the Bank of the State, or the Directors of the Branch where either of the aforesaid officers shall exercise his office, a statement, in writing, of all the monies which they have received in their official capacity, with the names of the persons on whose account it has been received, for the preceding month; and on failure thereof, he or they shall, respectively, for each offence, forfeit the sum of one thousand dollars, to be recovered as other penalties are directed to be recovered by the Act to establish the Bank of the State.

Duties of the Clerks of Courts, Masters and Commissioners in Equity, and Sheriffs.

II. *And be it further enacted*, That the Comptroller for the time being shall be, and he is hereby, authorized, whenever he may think proper, to have access to, for examination, all the books and accounts of the Bank of the State, excepting the personal ledger, or book in which the deposits of individuals are entered.

Penalty.

1817. FROM "AN ACT TO INCREASE THE SALARIES OF THE GOVERNOR OF THIS STATE, AND OTHER OFFICERS THEREIN MENTIONED."
- A. A. 1817, p. 41. S. L. vol. 1, p. 69. President's salary.
- III. *And be it further enacted*, That the President of the Bank of the State of South Carolina shall receive the sum of three thousand dollars, in lieu of the salary now allowed that officer by law.
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A. A. 1818, p. 24. AN ACT TO ALTER AND AMEND THE CHARTER OF THE BANK OF THE STATE OF SOUTH CAROLINA.

S. L. vol. 8, p. 37.

President to direct the Attorney General to proceed against any officers.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That it shall be the duty of the President of the mother Bank in Charleston, and of the Presidents of its Branches, to direct the Attorney General or Solicitors to proceed according to law against any officer or officers failing, refusing, or neglecting to make the statements and deposits which he or they are by law bound and ordered to make.

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A. A. 1818, p. 26. AN ACT TO ALTER AND AMEND THE CHARTER OF THE BANK OF THE STATE OF SOUTH CAROLINA.

S. L. vol. 8, p. 37.

Branches authorized to issue bills under \$5.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That from and after the passing of this Act, it shall and may be lawful for the Presidents and Cashiers respectively, of the Branches of the Bank of the State of South Carolina, to sign all bills of credit, payable on demand, of a lower denomination than five dollars, under such regulations as the President and Directors of the Bank of the State of South Carolina may direct. And the President and Cashier of the said Bank of the State of South Carolina are hereby exempted from signing the same; any law to the contrary notwithstanding.

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A. A. 1818, p. 43. AN ACT TO AUTHORIZE THE PRESIDENT AND DIRECTORS OF THE BANK OF THE STATE OF SOUTH CAROLINA TO ESTABLISH A BRANCH OF THE SAID BANK AT CAMDEN.

S. L. vol. 8, p. 38. Branch to be established at Camden.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly,

and by the authority of the same, That the President and Directors of the Bank of the State of South Carolina shall, whenever they may deem it expedient, establish a Branch of the said Bank at Camden, with the like powers and authority, and in like manner, as the Branch now established at Columbia. 1818.

AN ACT TO EXCUSE THE OFFICERS OF THE SEVERAL BRANCHES OF THE BANK OF THE STATE OF SOUTH CAROLINA FROM THE PERFORMANCE OF ORDINARY MILITIA DUTY, AND SERVING ON JURIES. A. A. 1818, p. 57. S. L. vol. 8, p. 38.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the Presidents and Cashiers of the several Branches of the Bank of the State of South Carolina, and Clerks employed in the same, shall be, and they are hereby declared to be, exempted from the performance of ordinary militia duty and from serving on juries. Officers of the branches excused from militia and jury duty.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR 1819." A. A. 1819, p. 9.

III. *And be it further enacted*, That all payments hereafter to be made by the Treasurers of the Upper and Lower Divisions of this State, shall be by drafts or checks upon the Bank of the State of South Carolina, or its branches, and in no other way. Payments to be made by Banks. 136 and 138.

IV. *And be it further enacted*, That no payment of money shall be made by any public officer in this State, in any other manner than by a check or draft on the Bank of the State of South Carolina or its Branches nearest to the Treasury, so as to make it necessary for such public officer to deposite his money in said Bank or its Branches, previous to his making such payment.

XIII. *And be it further enacted*, That so much of an Act, Repeal of the entitled "An Act to explain and amend an Act entitled an clause authorizing the Comptroller General of the State," passed on the eighteenth day of December, in the year of our Lord one thousand eight hundred and thirteen, as makes it the duty of the Comptroller General to transfer to funds the Bank, on account of capital, on the second day of April, in each and every year, all monies received through the course of the preceding year, and then remaining in the treasury, be, and the same is hereby, repealed. to pay over remaining funds.



1820. FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1820."

A. A. 1820, p.  
12.  
S. L. vol. 6, p.  
151.

XVI. WHEREAS, it appears by the report of the Commissioners appointed to prefer the claim of this State against the United States, that the same has not yet been passed; and it further appears from the same report, that a considerable time may yet elapse before a final adjustment thereof: And whereas, the Legislature, in their estimate of ways and means for the last year, placed amongst the probable receipts of the Treasury, in aid of the ordinary revenue of the State, a considerable part of the said claim, which has occasioned a deficit of one hundred and ninety-eight thousand eight hundred and seventy-eight dollars, two cents, which, with the probable deficit of the ensuing year, will make an aggregate against the Treasury, in favor of the Bank of the State of South Carolina, of \_\_\_\_\_, which the interest and prosperity of the Bank may require to be reimbursed: *Be it therefore enacted*, by the authority aforesaid, That the President and Directors of the said Bank shall be, and they are hereby, authorized and empowered to sell for ready money, after due notice given in some of the gazettes of the City of Charleston, eight hundred thousand dollars of the stock of the State, bearing six per cent., at such times, and in such sums, and at such places, as they may think advisable: *Provided*, the same shall not at any time be sold under par.

Six per cent.  
stock to be  
sold.

Certificates of  
said stock to  
be made out.

XVII. *And be it further enacted*, That the Treasurer of the Lower Division, under the direction of the Comptroller General, shall, from time to time, as he may be called upon by the Bank of the State of South Carolina, make out certificates of stock bearing an interest of six per cent., payable quarter yearly, in the names of such persons, and for such sums, as the President and Directors of the said Bank, by resolution of the Board thereof, may require, not exceeding in the whole the aforementioned sum of eight hundred thousand dollars.

Names of pur-  
chasers to be  
entered in  
books.

XVIII. *And be it further enacted*, That the Treasurer of the Lower Division, under the direction of the Comptroller General, shall open a set of books, and shall enter therein, in alphabetical order, the names of all the persons who may become purchasers of the stock hereby created and directed to be issued, and shall conduct the business in the same manner, and with the same checks, as has been heretofore done in relation to the former stock of the State.

Form of the  
certificate of  
stock.

XIX. *And be it enacted*, That the following shall be the form of the certificates of stock hereby authorized to be issued:

State of South Carolina, Loan Office.

No. —, Charleston.

Be it known, that there is due from this State unto \_\_\_\_\_, or assigns, the sum of \_\_\_\_\_, bearing interest of six per cent. per annum, from the \_\_\_\_\_ day of \_\_\_\_\_, 1821, payable quarter yearly, and not subject to re-

demption before the \_\_\_\_\_ day of \_\_\_\_\_, 1840, 1820.  
 created by virtue of an Act to raise supplies for the year 1820;  
 which debt is transferable only by the proprietor or proprie-  
 tors, or their attorneys, in the books of the Treasury in  
 Charleston. \_\_\_\_\_, Treasurer.

XX. *And be it enacted.* That any certificate of stock issued To be counter-  
 under the authority of this Act, shall be countersigned by the signed by the  
 Comptroller General for the time being. Comptroller.

XXI. *And be it enacted.* That the stock to be issued under  
 the authority of this Act, shall not be redeemable by the State Stock, when  
 before the first day of January, 1840. And the faith of the State, redeemable.  
 and the capital of the Bank of the State of South Carolina,  
 are hereby solemnly pledged for the redemption thereof.

XXII. *And be it enacted.* That the Comptroller do, and he Comptroller to  
 is hereby required to, report to the Legislature, at their next report the  
 session, the amount of stock which may be issued under this amount of  
 Act. stock issued.

XXIII. *And be it enacted.* That it shall be the duty of the Stock may be  
 President and Directors of the said Bank, and they are hereby purchased by  
 required, whenever the stock hereby authorized to be issued the Bank.  
 shall be upon the market at par, to purchase annually of the  
 said stock, a sum not exceeding fifty thousand dollars; and the  
 future annual profits of the said Bank is hereby declared to  
 be a fund for that purpose.

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FROM "AN ACT MAKING APPROPRIATIONS FOR THE YEAR A. A. 1831, p.  
 1821." 34.

XIV. *And be it further enacted.* That so much of the Act S. L. vol. 6, p.  
 entitled "An Act to make appropriations for the year one 177.  
 thousand eight hundred and nineteen, and for other purposes Part of a for-  
 therein mentioned," as explains and amends "An Act to estab- mer Bank law  
 lish a Bank in behalf of and for the benefit of the State," shall repealed.  
 be, and the same is hereby, repealed; and that the Comptroller  
 General shall transfer to the Bank of the State, on account of Monies in the  
 capital, on the second day of April, in each and every year, all treasury to be  
 monies received through the course of the preceding year, and transferred to  
 then remaining in the treasury unappropriated. the Bank.

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AN ACT TO PROVIDE A SINKING FUND FOR THE REDEMP- A. A. 1831, p.  
 TION OF THE SIX PER CENT STOCK OF THIS STATE. 27.  
 S. L. vol. 6, p.  
 165.

Whereas, it is necessary to create a permanent fund for the  
 redemption of the Six per cent. Stock of the State.

1821.

Books to be  
opened by  
Bank, show-  
ing the state of  
the fund.

I. *Be it therefore enacted* by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That from and immediately after the passing of this Act, it shall be the duty of the President and Directors of the Bank of the State of South Carolina to cause to be opened, in the books of the said Bank, an account in which they shall debit themselves with the profits of the Bank for the year ending the first day of October, in the year of our Lord one thousand eight hundred and twenty-two, and with all the future profits of the said Bank, as the same shall hereafter be annually declared; which said fund, with its annual accumulations, shall be considered solemnly pledged and set apart for the payment of the quarterly interest on the said six per cent. stock, and the final redemption thereof. And it shall be the duty of the President and Directors of the said Bank annually to report to both branches of the Legislature the exact state of that fund.

Checks drawn  
by Treasurer.

II. *And be it enacted* by the authority aforesaid, That all checks drawn by the Treasurer of the Lower Division, on account of the interest on the six per cent. stock of this State, shall specify that it is for such interest, and shall be charged to the said fund.

How fund to  
be used.

III. *And be it enacted* by the authority aforesaid, That the fund hereby created shall not be considered a part of the capital of the said Bank, but shall be banked upon and employed like the capital of the said Bank. And it shall be the duty of the President and Directors of the said Bank, at any time when the stock hereby intended to be provided for and redeemed shall be at par in the market, to redeem as much thereof as the fund hereby created shall at such time enable them to do.

A. A. 1822, p.  
17.  
S. L. vol. 6, p.  
181.

#### AN ACT TO PROTECT THE BANKS AND THE HOLDERS OF BILLS AND NOTES FROM FRAUDS.

No Bank to  
pay bills cut  
or divided.

I. *Be it enacted* by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That from and immediately after the passing of this Act, no Bank now, or hereafter to be, incorporated in this State, shall be compelled by law to pay any of their bills which have been, or may be hereafter, cut in half or divided, unless both halves of said bill or bills is presented, or unless the person producing one-half, and demanding payment as of the whole, shall first give bond and sufficient security to the said Bank, as an indemnity against any loss or damage that may be sustained by the said Bank, by paying the whole of said half bills to said person.

Protests of  
Notary receiv-  
ed in evidence

II. *Be it further enacted* by the authority aforesaid, That whenever a notary public who may have made protest for non-payment of any inland bill or promissory note, shall be dead,

or shall reside out of the district in which said bill or note is sued, his protest of said bill or note shall be received as sufficient evidence of notice in any action by any person whatsoever, against any of the parties to such bill or note. 1822.

FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1822." A. A. 1822, p. 4.

IV. *And be it further enacted*, That the Attorney General, and each of the Solicitors of this State, respectively, shall, on or before the first days of January and August in each and every year, make to the President and Directors of the Bank of the State of South Carolina, or to the President and Directors of its branches, (as the case may require) a full and particular return of the business or suits placed in his hands by any of the officers of the said Bank or its branches; and in default of such return, such defaulter shall forfeit the sum of five hundred dollars; and the Comptroller General is hereby directed to withhold such defaulter's salary till such return be made. S. L. vol. 6, pp. 196 and 198. Duty of Attorney General and Solicitors.

XXII. Whereas, the fund created by the Act to raise supplies for the year 1820, for the payment of the interest on and final extinguishment of the stock thereby authorized to be issued, is more than sufficient to answer that purpose: *Be it enacted by the authority aforesaid*, That the President and Directors of the Bank of the State shall be, and they are hereby, authorized and empowered to sell for ready money, after due notice given in some of the gazettes of the city of Charleston, a sum not exceeding two hundred thousand dollars of stock of this State, bearing an interest of five per cent., at such times, and in such sums, and at such places, as they may think advisable: *Provided*, the same shall not at any time be sold under par. Five per cent. stock of this State to be sold.

XXIII. *And be it further enacted*, That the Treasurer of the Lower Division, under the direction of the Comptroller General, shall, from time to time, as he may be called on by the Bank of the State, make out certificates of stock, bearing an interest of five per cent., payable quarter yearly, in the names of such persons and for such sums as the President and Directors of said Bank, by resolution of the Board thereof, may require, not exceeding in the whole the aforementioned sum of two hundred thousand dollars; and it shall be the duty of the Treasurer of the Lower Division to conduct the business in relation to the stock hereby directed to be issued, in the same manner as he now does the stock issued under the Act of eighteen hundred and twenty. Certificates of stock to be made out.

XXIV. *And be it enacted by the authority aforesaid*, That Form of certificates shall be the form of the certificates authorized to be issued: be issued:

1822.

State of South Carolina.

No. —, Charleston.

Be it known, that there is due from the State unto \_\_\_\_\_ or assigns, the sum of \_\_\_\_\_, bearing interest of five per cent. per annum, payable quarter yearly, and not subject to redemption before the \_\_\_\_\_ day of \_\_\_\_\_, one thousand eight hundred and forty-two, created by virtue of an Act to raise supplies for the year 1822, which debt is transferable only by the proprietor or proprietors, or their attorneys, in the books of the Treasury in Charleston.

\_\_\_\_\_, Treasurer.

Comptroller  
General to  
countersign  
certificates.

This stock not  
redeemable  
until 1842.

XXV. *And be it further enacted*, That every certificate of stock issued under this Act, shall be countersigned by the Comptroller General for the time being.

XXVI. *And be it further enacted*, That the stock to be issued under the authority of this Act, shall not be redeemable by the State before the first day of January, one thousand eight hundred and forty-two; and the faith of the State, the capital of the Bank of the State of South Carolina, and the annual dividends of the said Bank, are hereby solemnly pledged for the payment of the interest and the final redemption of the said debts.

Comptroller  
General to re-  
port amount  
of stock sold.

XXVII. *And be it further enacted*, That the Comptroller General do, and he is hereby required to, report to the Legislature at their next session, the amount of stock which may be issued under this Act.

A. A. 1822, p.  
44.  
S. L. vol. 8, p.  
39.

FROM "AN ACT TO RENEW THE CHARTER OF THE STATE BANK AND THE BANK OF SOUTH CAROLINA, AND FOR OTHER PURPOSES THEREIN MENTIONED."

The Commis-  
sioners of Dor-  
chester Free  
School to pay  
over all funds.

IV. *And be it further enacted* by the authority aforesaid, That immediately after the passing of this Act, the Commissioners of the Dorchester Free School shall be permitted to pay over to the President and Directors of the Bank of the State of South Carolina, all the funds of the said school; and the profits arising from the same shall be paid over, by the President and Directors of the said Bank, to the Commissioners of the Free Schools for the parish of St. George's, Dorchester, to be applied by them in such manner as is directed by the laws now in force in this State for the regulation and government of free schools. [Not acted on.]

Attorney Ge-  
neral's duty.

V. *And be it further enacted* by the authority aforesaid, That when information shall be given to the Presidents of the Banks hereby incorporated, the Attorney General, or either of the Solicitors of this State, that any person has been apprehended, and is to be tried in any district in this State, for counterfeiting any of the notes of the said Banks, or for passing such

forged and counterfeited note, knowing it to be false, or for stealing any note of the said Bank, it shall be the duty of the Cashier of the said Bank to attend in person, and to give evidence on such trial, or to furnish some competent witness to give evidence on such trial, on pain of the forfeiture of one thousand dollars, for the use of the State, to be recovered by indictment.

VI. *And be it further enacted*, That the President and Directors of the Bank of the State of South Carolina shall, whenever they may deem it expedient, establish a branch of the said Bank in the town of Cheraw, with like powers and authority, and in like manner, as the branches now established at Columbia and Camden. [*Never acted on.*]

1823.

Banks to furnish competent witness at trial of counterfeiters.

FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1823."

A. A. 1823, p. 9.

XXV. *And be it further enacted*, That hereafter it shall not be required of the Comptroller General to countersign the transfers of the five and six per cent stock of this State; but the same shall be done by the President of the Bank of the State of South Carolina.

S. L. vol. 6, p. 227.  
President of the Bank to countersign State stocks.

AN ACT TO AMEND THE CHARTER OF THE BANK OF THE STATE OF SOUTH CAROLINA.

A. A. 1824. p. 69.  
S. L. vol. 8, p. 48.

I. *Be it enacted* by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That there shall be appointed, at the first session of every new Legislature, by a joint resolution of both branches of the Legislature, a committee of inspection for the principal Bank of the State of South Carolina, in Charleston, and a committee for each of the said branches of the said Bank. The said committees shall respectively consist of five persons each.

A Committee of inspection to be appointed by the Legislature for the Principal and Branches.

II. *And be it further enacted* by the authority aforesaid, That it shall be the duty of the several committees, with the Comptroller General, to examine minutely into the affairs and situation of the principal Bank and its branches, for which they are respectively appointed, and to report to the Legislature, at their next session, the result thereof, and particularly all mismanagement in the affairs of the said Bank, or its branches, if any such have occurred.

Comptroller General to aid committee.

III. *And be it further enacted* by the authority aforesaid, That in case the Comptroller General should not attend at any of the investigations authorized by this Act, the said committees, or a majority of each, shall be, and they are hereby, au-

Committees to proceed in absence of Comptroller General.

1824.      thorized to make such investigation in the absence of the  
 Comptroller General.

Repeal of con-      IV. *And be it further enacted* by the authority aforesaid,  
 flicting clauses      That all clauses, or parts of clauses, in any Act of the General  
 Assembly of this State, which may prohibit the said Commit-  
 tees and the Comptroller General from investigating fully the  
 books, accounts, and other documents of the said Bank or its  
 branches, be, and the same are hereby, repealed.

A. A. 1824, p.      FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1824."  
 6.

S. L. vol. 6, p      XII. *And be it further enacted* by the authority aforesaid,  
 253.      That the President and Directors of the Bank of the State of  
 More five per      South Carolina shall be, and they are hereby, authorized and  
 cent stock to      empowered to sell, for ready money, after due notice given in  
 be sold.      some of the gazettes of the city of Charleston, a sum not ex-  
                  exceeding two hundred and fifty thousand dollars of stock of this  
                  State, bearing an interest of five per cent., at such times, and  
                  in such sums, and at such places, as they may think advisa-  
                  ble: *Provided*, the same shall not at any time be sold under  
                  par.

Treasurer to      XIII. *And be it further enacted* by the authority aforesaid,  
 make out cer-      That the Treasurer of the Lower Division, under the direction  
 tificates.      of the Comptroller General, shall, from time to time, as he may  
                  be called on by the Bank of the State, make out certificates of  
                  stock, bearing an interest of five per cent., payable quarter  
                  yearly, in the names of such persons and for such sums as the  
                  President and Directors of said Bank, by resolution of the  
                  Board thereof, may require, not exceeding in the whole the  
                  above mentioned sum of two hundred and fifty thousand dol-  
                  lars. And it shall be the duty of the Treasurer of the Lower  
                  Division to conduct the business in relation to the stock here-  
                  by directed to be issued, in the same manner as he now does  
                  the stock issued under the Acts of eighteen hundred and twenty,  
                  and eighteen hundred and twenty-two.

Redeemable in      XIV. *And be it further enacted* by the authority aforesaid,  
 1845.      That the stock hereby ordered to be issued shall not be re-  
                  deemable by the State before the year one thousand eight hun-  
                  dred and forty-five; and that the faith of the State, and the  
                  capital and dividends of the Bank of the State, are hereby so-  
                  lemnly pledged for the payment of the interest and final re-  
                  demption of said debt; and that the form of the certificates au-  
                  thorized to be issued, shall be substantially the same as those  
                  heretofore issued.

FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1826." 1826.

XIII. *And be it further enacted*, That the President and Directors of the Bank of the State of South Carolina be, and they are hereby, authorized and empowered to sell for ready money, after due notice given in some of the gazettes of the city of Charleston, a sum not exceeding three hundred thousand dollars, if so much be necessary, of stock of this State, bearing an interest of five per cent., redeemable in the year one thousand eight hundred and forty-six, at such times, in such sums, and at such places, as they may think advisable: *Provided* the same shall not at any time be sold under par.

A. A. 1826, p. 6.  
S. L. vol. 6, p. 295.  
More five per cent. stock to be sold.  
\$300,000.  
Redeemable in 1846.

XIV. *And be it further enacted*, That so much of the charter of the Bank of the State as fixes the maximum value of the six per cent. and three per cent. stock of this State be repealed; and that the President and Directors of the Bank of the State of South Carolina be authorized, at their own discretion, to purchase the said stock, at such times, and in such quantities, and upon such terms, as may appear most expedient to them, and most beneficial to the interests of the State.

Repeal of maximum value of stock, with further powers to President and Directors.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR 1826." A. A. 1826, p. 15.

S. L. vol. 6, pp. 301-2.  
Appropriation for Mrs. Randolph.

XV. *Be it further enacted* by the authority aforesaid, That the Treasurer of the Lower Division be, and he is hereby, directed to issue ten thousand dollars, six per cent. stock, interest payable semi-annually, redeemable in 1850; which stock shall be in the name of any person or persons whom Mrs. Randolph, the daughter of the late Thomas Jefferson, may appoint, to be held in trust for her sole and separate use and benefit, and to be subject to her disposition by any writing under her hand.

AN ACT TO ADMIT AND INCORPORATE PRIVATE STOCKHOLDERS IN THE BANK OF THE STATE OF SOUTH CAROLINA.\* A. A. 1826, p. 21.

S. L. vol. 8, p. 50.

I. *Be it enacted* by the Senate and House of Representatives of the State of South Carolina, and by the authority of the same, That individuals, citizens of this State, or of the United States, shall be permitted to become stockholders in the Bank of the State of South Carolina, and partners in the same, and shall be entitled to share in all the privileges and

\* Repealed in 1827—p. 33.



1826.

Funds of the  
Bank to be re-  
ceived as  
stock.

Commission-  
ers to be ap-  
pointed.

Capital may  
be increased.

Individuals  
admitted.

Losses to be  
divided.

Books to be  
opened.

emoluments granted to the said Bank by its charter, and by the several laws passed heretofore to explain and amend the said charter, upon the following conditions, which conditions shall be considered as the fundamental articles of agreement between the respective parties, and shall continue of force until the time hereinafter specified, and shall not be altered but with the mutual assent and concurrence of the State and of the private stockholders.

1st. The Bank of the State of South Carolina, with its debts, funds, claims and possessions, real and personal, of whatsoever nature and description, as they shall exist on the thirty-first day of March next, shall be received as a portion, on the part of the State, of the said joint stock company or Bank. And if, upon a fair estimate of debts and credits by the commissioners hereinafter appointed, the balance in favor of the State shall not amount to one million two hundred thousand dollars, the State shall have the power of increasing it to that sum, whenever it shall think proper.

2d. The Comptroller General, the President of the Bank, and William Stephen Smith, shall be commissioners on the part of the State to adjust, with a committee appointed by the stockholders, the capital stock of the Bank on the said thirty-first day of March next.

3d. The State shall, at any time hereafter, when it may think proper, have the power of increasing its share of the capital to two millions of dollars, but shall not at any time be responsible beyond the amount of capital vested.

4th. Individuals shall be permitted to subscribe to the capital stock of the Bank, any sums to an amount not exceeding one million six hundred thousand dollars, in shares of one hundred dollars each.

5th. *And be it further enacted*, That the said private stockholders shall be liable for the debts, losses, and liabilities of said Bank, in proportion to the capital owned by them.

6th. Books shall be opened on the first day of February next, at Charleston, Georgetown, Cheraw, Camden, Columbia, Hamburg, and Beaufort. In Charleston, by John Fraser, Charles M. Furman, George Chisholm, James Ross, and Ker Boyce; at Georgetown, by W. W. Trapier, Moses Fort, and Peter Cuttino; at Cheraw, by John Taylor, Jun., James Coit, and Augustin Averil; at Camden, by Thomas Salmond, Jas. S. Murray, and James K. Douglass; at Columbia, by David Ewart, J. A. Crawford, William Law, and James A. Black; at Hamburg, by B. M. Rogers, Samuel L. Watt, and Paul Fitzsimons; at Beaufort, by Robert Means, William Bold, and Henry Stewart. And at the time of subscribing, ten per cent. shall be paid on each share subscribed; fifty per cent. shall be paid on each share on the first day of April; twenty per cent. on the first day of October next, and the remaining twenty per cent. on the first day of January, one thousand eight hundred and twenty-eight; all the said instalments payable in gold or silver coin, in bills of the Bank of the United States, or of the specie paying Banks of this State: *Provided*, that all shares

on which the payment due shall not be punctually made on the days above mentioned, together with whatever sums may have been paid thereon, shall be forfeited to the said Bank ; and no new business shall be done, founded on this increase of capital, until the two first payments have been made.

1826.



7th. If one million six hundred thousand dollars shall not be subscribed when the books are first opened, the directors shall have the power of opening them again, at such times and places as they may deem expedient, until such amount be subscribed—giving always sixty days' previous notice. And if more than one million six hundred thousand dollars be subscribed, the surplus shall be deducted from each subscriber who shall subscribe more than six shares, in average and proportion : *Provided, nevertheless*, that the proportion of no subscriber shall be reduced below six shares : *Provided, also*, that this Act shall not go into operation unless stock to the amount of one million of dollars shall be subscribed, and the two first instalments paid.

\$1,600,000 to be subscribed,

8th. As soon as the number and names of the subscribers shall be known, and the proportions of stock adjusted, the stockholders shall be called upon to elect, after twenty days' notice, one director for every two hundred thousand dollars subscribed ; and on the first Monday in each succeeding February, the private stockholders shall elect their directors, who shall serve for one year from such first Monday in February in each year ; and after the first day of January, one thousand eight hundred and twenty-eight, the directors on the part of the State, and on the part of the stockholders, shall be apportioned according to the stock actually held by the respective parties, so that the number of directors shall not be less than eleven nor more than fifteen.

Directors to be elected,

9th. The directors shall have the power of appointing all their officers, and of making all rules and by-laws necessary for the management and government of the institution, in the same manner, and with the same powers, as are now granted to the Bank of the State of South Carolina.

Officers to be elected.

10th. The funds now in the Bank, on account of the Sinking Fund, shall be vested in the stock of this State, or of the United States, or in Bank stock of this or some other Bank of this State, or of the United States, as the Comptroller General and the President of the Bank may deem most advantageous, until it can be employed in the purchase or redemption of some part of the public debt of this State.

Sinking fund to be vested in State stock.

II. *And be it further enacted* by the authority aforesaid, That the dividends from the stock owned by the State shall be applied to the payment of the interest on the three per cent., five per cent., and six per cent. stock of the State ; and that any surplus from such dividends, after paying the said interest, shall be invested as a sinking fund, under the direction of the Comptroller General, to pay off the principal of the debt of the State.

State dividends, how to be applied,

III. *And be it further enacted*, As soon as the sum of one million of dollars shall have been subscribed by individuals, and sixty per cent. of the same shall have been paid into the

Branch Banks to be established,

1826.

Bank, branches of the said Bank may be established in the towns of Hamburg, Cheraw, and Beaufort, with a suitable apportionment of capital; and that no branch now authorized by law shall be discontinued, unless by sanction of the Legislature.

Individuals to possess corporate rights.

IV. *And be it further enacted* by the authority aforesaid, That the individuals who shall become stockholders, in conjunction with the State, in the Bank of the State of South Carolina, by virtue of this Act, shall possess and enjoy all the corporate rights and privileges granted by the first section of this Act, until the first day of January, one thousand eight hundred and forty-eight: *Provided, nevertheless*, that from and after the first day of December, one thousand eight hundred and forty, the Legislature of this State shall have the right to withdraw from the said Bank all or any portion of the capital stock owned by the State.

Manner of voting.

V. *And be it further enacted* by the authority aforesaid, That the number of votes to which the stockholders shall be entitled, in voting for directors, shall be according to the number of shares, he, she, or they, respectively, shall hold, in the proportion following, that is to say: for one share, and not more than two shares, one vote; for every two shares above two, and not exceeding ten, one vote; for every four shares above ten, and not exceeding thirty, one vote; for every six shares above thirty, and not exceeding sixty, one vote; for every eight shares above sixty and not exceeding one hundred, one vote; and for every ten shares above one hundred, one vote; but no person, partnership, or body politic shall be entitled to a greater number than thirty votes. And after the first election, no share or shares shall confer a right of voting, which shall not have been holden three calendar months previous to the day of election; and stockholders actually resident within the United States, and none other, may vote in elections by proxy.

Who eligible as directors.

VI. *And be it further enacted* by the authority aforesaid, That none but a stockholder, a resident citizen of the United States, shall be appointed by the private stockholders as a director.

New branches may be established.

VII. *Be it enacted* by the authority aforesaid, That the President and Directors for the time being shall have power and authority to locate branches of this Bank in such parts of this State as they may deem proper and advisable. And if the said direction shall refuse, upon the reasonable request of a respectable portion of the citizens of this State, to establish a branch of the same, at any place or places not before mentioned, the Legislature shall have power and authority to pass a law requiring the said Bank to establish such branch or branches, as in their wisdom they may deem proper.

Legislature to have the concerns of the Bank examined.

VIII. *Be it further enacted* by the authority aforesaid, That the Legislature shall have the power of examining, at any and all times, into the concerns of the Bank hereby established; and it shall be the duty of the officers of the said Bank and its branches to facilitate such examination: *Provided, nevertheless*,

less, there shall be no examination or scrutiny of individual accounts, saving and excepting the accounts of officers of the same. 1826.

IX. *Be it further enacted* by the authority aforesaid, That the charters of all private banks in this State, which may hereafter expire, shall not be renewed; nor shall the State grant any charter, creating a new Bank, prior to the first day of January, one thousand eight hundred and forty-eight; but upon the request of the Bank hereby established, it shall be in the power of the Legislature to extend the capital of this Bank. No other Bank to be chartered.

X. *And be it further enacted*, That the private stockholders shall pay to the State, as a *bonus* for the privileges here granted, at the rate of twenty thousand dollars upon every million of stock subscribed and held by them. Bonus to be granted-paid.

XI. *And be it further enacted*, That during the existence of the charter hereby created, the said corporation shall not be liable to taxation; nor shall individuals be liable to taxation on account of their interest in the institution. Stockholders not liable to taxation.

XII. *And be it further enacted*, That the President and Directors, in issuing bills or notes of the said Bank, drawn in favor of any person or persons, or his or their order, or bearer, shall have power to make the same payable either at the principal Bank, or at any one of its branches, as they may deem most advisable. *Provided*, that all such bills or notes shall, at all times, be taken and received in payment of any debt or demand due to the said Bank, either in Charleston or at any of its branches. Bills, where to be payable.

XIII. *Be it further enacted*, That after the first day of January, eighteen hundred and twenty-eight, the Bank shall be authorized to open an interest account with the State, charging it with interest on all advances made to the public treasury, and crediting it by interest on all surplus deposits made by the public treasury. Interest account to be opened.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR 1827." A. A. 1827, p. 10. S. L. vol. 6, p. 350.

II. *And be it further enacted*, That the President and Directors of the Bank of the State be, and they are hereby, directed to grant indulgence, free of interest, to General Thomas Sumter, upon his debt to the Bank, during his life, taking such steps as may appear expedient to them to secure the ultimate payment of the debt. Indulgence granted to General Sumter.

1827. AN ACT TO ADMIT AND INCORPORATE PRIVATE STOCKHOLDERS IN THE BANK OF THE STATE OF SOUTH CAROLINA.\*

A. A. 1827, p. 38.

S. L. vol. 8, p. 53.

Private stockholders to be admitted.

Funds of the present Bank to be received as stock.

Commissioners appointed.

Capital may be increased.

Individuals admitted.

Losses to be divided.

Amount of private stock may be extended.

I. *Be it enacted*, by the Senate and House of Representatives of the State of South Carolina, and by the authority of the same, That individuals or corporate bodies shall be permitted to become stockholders in the Bank of the State of South Carolina, and partners in the same, and shall be entitled to share in all the privileges and emoluments granted to the said Bank by its charter, and by the several laws passed heretofore to explain and amend the said charter, upon the following conditions, which conditions shall be considered as the fundamental articles of agreement between the respective parties, and shall continue of force until the time hereinafter specified, and shall not be altered but with the mutual assent and concurrence of the State and of the private stockholders.

1. The Bank of the State of South Carolina, with its funds and debts, claims and possessions, real and personal, of whatsoever nature and description, as they shall exist on the thirtieth day of April next, shall be received as a portion, on the part of the State, of the said joint stock company or bank; and if, upon a fair estimate of debts and credits, by the commissioners hereinafter appointed, the balance in favor of the State shall not amount to one million two hundred thousand dollars, the State shall have the power of increasing it to that sum, whenever it shall think proper.

2. The Comptroller General of the State, the President of the Bank of the State of South Carolina, and William S. Smith, shall be commissioners on the part of the State to adjust, with a committee appointed by the stockholders, the capital stock of the Bank, on the said thirtieth day of April next.

3. The State shall, at any time hereafter, when it may think proper, have the right of increasing its share of the capital stock of the Bank to two millions of dollars, but shall not at any time be responsible beyond the amount of capital vested.

4. Individuals or corporate bodies shall be permitted to subscribe to the capital stock of the Bank, any sums to an amount not exceeding one million six hundred thousand dollars, in shares of one hundred dollars each.

5. The private stockholders shall be liable for the debts, losses, and liabilities of said Bank, in proportion to the capital owned by them; but no stockholder shall be responsible beyond the amount of capital actually vested and owned by him.

6. The private stockholders shall have the right of extending the amount of stock held by private stockholders to three millions of dollars, whenever they shall deem it advantageous to the institution; and such addition shall be made, either by opening books for new subscriptions, or by a public sale of new stock, as the President and Directors of the Bank for the time being shall think proper.

\* Repealed in 1838—p. 34.

7. The number of Directors to be appointed shall be apportioned between the State and the private stockholders, in proportion to the stock they shall respectively hold, and shall be in the ratio of one director for every sum of two hundred thousand dollars actually held, until the joint capital of the Bank shall amount to three millions six hundred thousand dollars ; after that time there shall be one director for each sum of two hundred and fifty thousand dollars.

1827.

Directors to be appointed.

8. Books shall be opened on the fourth Monday in February next, at Charleston, Georgetown, Cheraw, Camden, Columbia, Hamburg, and Beaufort. In Charleston, by John Frazer, Charles M. Furman, George Chisholm, James Ross, and Ker Boyce ; in Georgetown, by W. W. Trapier, Moses Fort, Peter Cuttino ; in Cheraw, by John Taylor, Jr., Samuel W. Gillespie, and William Chapman ; in Camden, by Thomas Salmond, James S. Murray, and John D. Winn ; in Columbia, by David Ewart, J. A. Crawford, William Law, and James A. Black ; in Hamburg, by B. M. Rogers, Samuel L. Watts, and Paul Fitzsimons ; in Beaufort, by Robert Means, William Bold, and Henry Stewart ; and they shall be kept open for three or four days, if necessary. And at the time of subscribing, ten per cent. shall be paid on each share subscribed, thirty per cent. shall be paid on each share on the first day of May, twenty per cent. on the first day of October next, and the remaining forty per cent. on the first day of January, one thousand eight hundred and twenty-nine ; all the said instalments payable in gold or silver coin, in bills of the Bank of the United States, or of the specie-paying Banks of this State : *Provided*, that all shares on which the payment due shall not be punctually made on the days above mentioned, together with whatever sums may have been paid thereon, shall be forfeited to the said Bank ; and no new business shall be done, founded on this increase of capital, until the two first payments have been made.


Books to be opened.

9. If the sum of one million six hundred thousand dollars shall not be subscribed when the books are first opened, the directors shall have the power of opening them again, at such times and places as they may deem expedient, until such amount be subscribed, giving always sixty days' previous notice ; and if more than one million six hundred thousand dollars be subscribed, the surplus shall be deducted from each subscriber who shall subscribe more than six shares, in average and proportion : *Provided*, nevertheless, that the proportion of no subscriber shall be reduced below six shares, unless the same be necessary to reduce the sum subscribed within the limits fixed in the charter.

Books may be again opened.

10. As soon as the number and names of the subscribers shall be known, and the proportions of stock adjusted, the stockholders shall be called upon to elect, after twenty days' notice, one director for every two hundred thousand dollars subscribed ; and on the first Monday in each succeeding February, the private stockholders shall elect their directors, who shall serve for one year, from such first Monday in February in each year ; and after the first of January, one thousand eight hundred and

Directors to be elected by the stockholders.

1827.  twenty-nine, the directors on the part of the State, and on the part of the stockholders, shall be apportioned according to the stock actually held by the respective parties, according to the provisions of the seventh article.
- May appoint Officers. 11. The Directors shall have the power of appointing all their officers, and of making all rules and by-laws necessary for the management and government of the institution.
- Sinking fund may be vested in stock. II. *And be it further enacted*, That the funds now in the Bank, on account of the Sinking Fund, shall be vested either in the new stock created by this Act, or in the funded debt of this State, or of the United States, or in Bank stock of some other Bank of this State, or of the United States, as the Comptroller General and the President of the Bank may deem most advantageous, until it can be employed in the purchase or redemption of some part of the public debt of this State.
- State dividends, how to be applied. III. *And be it further enacted*, That the dividends from the stock owned by the State shall be applied to the payment of the interest on the three per cent., five per cent., and six per cent. stock of the State; and that any surplus from such dividends, after paying the said interest, shall be invested as a sinking fund, under the direction of the Comptroller General, to pay off the principal of the debt of the State.
- Other branches to be established. IV. *And be it further enacted*, That as soon as the sum of one million of dollars shall have been subscribed and paid into the Bank, branches of the said Bank may be established in the towns of Hamburg, Cheraw, and Beaufort, with a suitable apportionment of capital; and that no branch now authorized by law shall be discontinued, unless by sanction of the Legislature.
- Duration of individual privileges. V. *And be it further enacted*, That the individuals or corporate bodies who shall become stockholders, in conjunction with the State, in the Bank of the State of South Carolina, by virtue of this Act, shall possess and enjoy all the corporate rights and privileges granted by this Act, until the first day of January, one thousand eight hundred and fifty: *Provided, nevertheless*, that from and after the first day of December, one thousand eight hundred and forty, the Legislature of the State shall have the right to sell out all or any portion of the stock held by them in this Bank.
- Manner of voting. VI. *And be it further enacted*, That the number of votes to which stockholders shall be entitled, in voting for directors, shall be according to the number of shares he, she, or they, respectively, shall hold, in the proportion following, that is to say: for one share, and not more than two shares, one vote; for every two shares above two, and not exceeding ten, one vote; for every four shares above ten, and not exceeding thirty, one vote; for every six shares above thirty, and not exceeding sixty, one vote; for every eight shares above sixty, and not exceeding one hundred, one vote; and for every ten shares above one hundred, one vote; but no person, partnership, or body politic, shall be entitled to a greater number than thirty votes. And after the first election, no share or shares shall confer a

right of voting, which shall not have been holden three calendar months previous to the day of election; and stockholders actually resident within the United States, and none other, may vote in elections by proxy. 1827.

VII. *And be it further enacted*, That none but a stockholder, a resident citizen of the United States, shall be appointed by the stockholders as a director. Who may be directors.

VIII. *And be it further enacted*, That the President and Directors for the time being shall have power and authority to locate branches of this Bank in such parts of this State as they may deem proper and advisable. President and Directors may locate Branches.

IX. *And be it further enacted*, That the Legislature shall have the power of examining, at any and all times, into the concerns of the Bank hereby established; and it shall be the duty of the officers of the Bank to facilitate such examination. Legislature shall have the Bank examined. *Provided, nevertheless*, there shall be no examination or scrutiny of individual accounts, saving and excepting the accounts of officers of the same.

X. *And be it further enacted*, That the private stockholders shall pay to the State, as a bonus for the privileges hereby granted, at the rate of twenty thousand dollars upon every million of stock subscribed and held by them, which sum shall be added to the capital held by the State. Bonus to be paid.

XI. *And be it further enacted*, That during the existence of the charter hereby created, the said corporation shall not be liable to taxation on account of their interest in the institution. Exempt from tax.

XII. *And be it further enacted*, That the President and Directors, in issuing bills or notes of the said Bank, drawn in favor of any person or persons, or his or their order, or bearer, shall have power to make the same payable either at the principal Bank, or at any one of its branches, as they may deem most advisable. *Provided nevertheless*, that all such bills or notes shall, at all times, be taken and received in payment of any debt or demand due to the said Bank, either at Charleston or at any of its branches. Bills and notes, where payable.

XIII. *And be it further enacted*, That after the first day of January, eighteen hundred and twenty-nine, the Bank shall be authorized to open an interest account with the State, charging it with interest on all advances made to the public treasury, and crediting it by interest on all surplus deposits made by the public treasury. Interest account to be opened.

XIV. *And be it further enacted*, That an Act passed in December, one thousand eight hundred and twenty-six, entitled "An Act to admit and Incorporate private Stockholders in the Bank of the State of South-Carolina," be, and the same is hereby, repealed. Repealing clause.



1828.

A. A. 1828,  
p. 21.  
S. L. vol. 8,  
p. 57.

AN ACT TO REPEAL AN ACT ENTITLED "AN ACT TO ADMIT AND INCORPORATE PRIVATE STOCKHOLDERS IN THE BANK OF THE STATE OF SOUTH CAROLINA."

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That an Act of Assembly, passed on the nineteenth day of December, one thousand eight hundred and twenty-seven, entitled "An Act to admit and incorporate private Stockholders in the Bank of the State of South Carolina," be, and the same is hereby, repealed.

A. A. 1830,  
p. 29.  
S. L. Vol. 6.  
p. 420.

AN ACT TO AUTHORIZE THE PRESIDENT AND DIRECTORS OF THE BANK OF THE STATE OF SOUTH CAROLINA TO ESTABLISH A BRANCH OF THE SAID BANK AT HAMBURG.

Branch to be  
established at  
Hamburg.

I. *Be it enacted*, by the Senate and House of Representatives, That the President and Directors of the Bank of the State of South Carolina shall, whenever they may deem it expedient, establish a branch of the said Bank, or an Agency, at the town of Hamburg, with like powers and authority, and in like manner, as the branch now established at Columbia.

A. A. 1831,  
p. 49.  
S. L. vol. 8,  
p. 64.

AN ACT CONCERNING THE BANK OF THE STATE OF SOUTH CAROLINA.

Members of  
the Boards to  
be notified  
when chosen

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That from and immediately after the passing of this Act, all Directors who may be chosen by the Legislature to serve in the parent Bank, shall take their seats and become members of the said Board, as soon after the rising of the Legislature as they shall be notified of their appointment; and that it shall be the duty of the President to give the information by the earliest mode of conveyance.

Oath to be taken by President and Directors of each Board.

II. *Be it further enacted*, That the following oath shall, in future, be administered to each and every member of all the different boards of directors, and to each President of the said boards, before they take their seats.

"I, A. B. do solemnly swear (or affirm) that I will not, either directly or indirectly, reveal or disclose any transaction or circumstance which may occur at the board or elsewhere, in any discharge of my official duties, either while I

am a member of this Board, or after I shall cease to be such, which can in any degree affect the credit of an individual, or the interest of the Bank, except it be to the Legislature, or any examining committee appointed by them; and that I will not retain in my possession any paper, document, or statement, or copy thereof, which may relate to the concerns of the Bank, longer than may be necessary to discharge any duty which may be imposed on me, (rendering the possession of the said paper, document or statement necessary,) and that while in my possession, they shall be kept safely and secretly, and when the duty is performed, returned to the proper officer. So help me God."\*

1831.

III. *Be it further enacted*, That the following oath be administered to all the other officers of the Bank and its Branches now in office, or who may hereafter be elected.

"I, A. B. solemnly swear (or affirm) that I will not, either directly or indirectly, disclose or reveal any of the transactions of the Bank, or any fact connected with them, intended by the Directors to be kept secret, while I remain in office, nor after I may leave the same, except to the Legislature, or to any examining committee thereof, or in a court of justice as a witness."\*

IV. *Be it further enacted*, That it shall be the duty of the Presidents of the branches of the Bank to keep regular minutes of the proceedings of their respective boards, entering in the books kept for that purpose, not only the weekly discounts, but all matters of importance which may be transacted, particularly all matters which may relate to any unusual or extraordinary loan, or money paid by the board, and of all property bought in or sold by them, and of all resolutions passed by the parent Bank, regulating their course of conduct.

Duties of the President of the Bank.

V. *Be it further enacted*, That it shall be the duty of the President to lay before the Legislature, at every sitting, the account of every salaried officer belonging to the parent Bank, or its branches, showing the amount which they owe, and how long the same has been due.

Accounts of Officers.

VI. *Be it further enacted*, That the office of Deputy Cashier be, and the same is hereby, abolished; and that in future, all change bills which may be issued, be signed by the President, or such other officer as he may direct to perform the duty.

Office of Deputy Cashier abolished.

VII. *Be it further enacted*, That the President and Directors of the Bank be, and they are hereby, authorized to appoint, and at their pleasure to retain in office, one officer of the Bank to whom such duties shall be assigned as they may think proper, and who shall receive the same salary as is now paid to the Deputy Cashier.

Additional Officer.

VIII. *And be it further enacted*, That the stock books now kept at the Treasury Office, be transferred to the Bank, and there kept by the officer aforesaid, so to be appointed.

Transfer of stock books.

1831.

Officers forbidden to purchase stock of the State.

IX. *And be it further enacted*, That the President of the parent Bank, the Presidents of the branches, the agents of the Bank, and other salaried officers of the Bank and its branches, are hereby forbidden and prohibited from buying, either directly or indirectly, for themselves or any others, (if they are to have any interest therein) any stock of the State of South Carolina.

May sell the State Bank stock.  
May purchase stock in other Banks.

X. *Be it further enacted*, That the President and Directors of the parent Bank be, and they are hereby, authorized to sell the stock which they now hold of the State Bank, on the most advantageous terms, and that they be authorized to buy any other stock which they may think safe, to any amount not exceeding that appropriated to the sinking fund.

May establish a Branch at Cheraw.

XI. *Be it further enacted*, That the President and Directors of the Bank be, and they are hereby, authorized to establish a branch or agency at Cheraw, whenever, in their judgment, it shall be deemed advantageous to the interests of the said Bank.

XII. Whereas, it is deemed expedient, in aid of the operations of the Bank, and for the purpose of accommodating the great and growing mercantile interest of the upper country, to vest a fund in the city of New York, at the disposal of the Bank, to furnish merchants who deal with the Bank, drafts on that place; and *whereas*, it is doubted whether such an operation would come strictly within the power delegated by the Act of incorporation.

May appoint an agent at New York.

*Be it therefore enacted*, That the President and Directors of the Bank are hereby authorized and empowered to place in any Bank of the city of New York, or in the hands of any safe agent for that purpose, any such sum as they may be able so to dispose of, without injury to the home operation of the Bank, or if it should be thought more advisable and more safe, to open an account for that purpose with any Bank or safe agent.

Repealing clause, &c.

XIII. *Be it further enacted*, That all Acts or parts of Acts in anywise repugnant to this Act, be, and the same are hereby, repealed.

A. A. 1831,  
p. 12.  
S. L. vol. 6,  
p. 454.

Restoring to the Bank \$5, 180, lost by the State depositing Cheraw Bank bills, received for taxes.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR 1831."

XIX. *And be it further enacted*, That the Treasurer of the Upper Division be authorized, and he is hereby required, to pass to the credit of the Bank of this State, the sum of five thousand one hundred and eighty dollars, which was lost by the Cheraw Bank.

FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1832."

1833.

XVIII. *And be it further enacted*, by the authority aforesaid, That the President and Directors of the Bank of the State of South Carolina shall be, and they are hereby, authorized and empowered to sell for ready money, after due notice in some of the gazettes of the city of Charleston, a sum not exceeding three hundred thousand dollars of the stock of this State, bearing an interest of five per cent, at such times and in such sums and at such places as they may think advisable: *Provided*, that the same be not at any time sold under par.

A. A. 1832, p. 8.  
S. L. vol. 6, p. 477.  
More five per cent. stock to be sold.

XIX. *Be it enacted*, by the authority aforesaid, That the Treasurer of the Lower Division, under the direction of the Governor of the State, shall, from time to time, as he may be called on by the Bank of the State, make out certificates of stock, bearing an interest of five per cent, payable quarterly, in the names of such persons, and for such such sums, as the President and Directors of the said Bank, by resolution of the board thereof, may require, not exceeding, in the whole, the sum of three hundred thousand dollars; and it shall be the duty of the Treasurer of the Lower Division to conduct the business in relation to the stock hereby directed to be issued, in the same manner as he now does the stock issued under the Acts of eighteen twenty and eighteen twenty-two.

Treasurer, under direction of the Governor, or, to issue certificates.

XX. *Be it further enacted*, by the authority aforesaid, That the eighth section of the Act entitled "An Act concerning the Bank of the State of South Carolina," be, and the same is hereby, repealed, and the stock books be returned to the office of the Treasurer of the Lower Division, and by him be kept as heretofore. [*Not acted on.*]

Repeal of the 8th section of Act of 1831.

AN ACT TO RE-CHARTER THE BANK OF THE STATE OF SOUTH CAROLINA.

A. A. 1833, p. 57.  
S. L. vol. 8, p. 67.

Whereas, it is deemed expedient and beneficial, both to its citizens and the State, to re-charter the Bank of the State of South Carolina.

I. *Be it therefore enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That an Act entitled "An Act to establish a Bank on behalf of and for the benefit of the State," passed on the nineteenth day of December, in the year of our Lord one thousand eight hundred and twelve, and all other Acts now of force relating to the conduct and operations of the said Bank, be, and they are hereby, re-enacted and continued of force until the first day of May, in the year of our Lord and thousand eight hundred and fifty-six.

Charter extended.

## ACTS OF LEGISLATURE.

1833. *Not to issue bills under \$1.* II. *And be it further enacted,* That the said corporation shall neither issue nor put into circulation any note for less than one dollar—and shall call in and withdraw from circulation all bills heretofore issued by it of a lesser denomination than one dollar, as soon as the same can be conveniently done.

Branch at Georgetown discontinued.

III. *And be it further enacted,* That the Act of the General Assembly, passed on the seventeenth day of December, one thousand eight hundred and sixteen, establishing a branch of the Bank of the State of South Carolina at Georgetown, be, and the same is hereby, repealed, and that the said branch be discontinued, and that an agency be established at that place in lieu of said branch.

A. A. 1834,  
p. 63.  
S. L. vol. 1,  
p. 196.

FROM "AN ACT TO ALTER AND AMEND THE FOURTH ARTICLE OF THE CONSTITUTION."

Oath of allegiance.

*Be it enacted,* by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the fourth article of the Constitution of this State shall be amended, so as to read as follows, viz: Every person who shall be chosen or appointed to any office of profit or trust, before entering on the execution thereof, shall take the following oath: "I do solemnly swear (or affirm) that I will be faithful, and true allegiance bear to the State of South Carolina, so long as I may continue a citizen thereof; and that I am duly qualified, according to the Constitution of this State, to exercise the office to which I have been appointed—and that I will, to the best of my abilities, discharge the duties thereof, and preserve, protect and defend the Constitution of this State, and of the United States: So help me God."

A. A. 1836,  
p. 20.  
S. L. vol. 6,  
p. 566.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR 1836."

Providing for the payment of the subscription to the Louisville, Cincinnati and Charleston Rail Road Company.

III. *And be it further enacted,* That the Comptroller General shall be authorized to call upon the President of the Bank of the State of South Carolina for the instalments, as they may become due, on the shares to be subscribed for in the Louisville, Cincinnati and Charleston Rail Road Company, according to the terms and conditions of the resolutions adopted by the Legislature on the subject, during the present session, to be paid by the said President out of the surplus to be received from the General Government.

AN ACT TO PROVIDE FOR THE RECEPTION AND DISPOSITION OF SO MUCH OF THE SURPLUS REVENUE OF THE UNITED STATES AS MAY BE APPORTIONED TO THIS STATE, UNDER THE ACT OF CONGRESS IN SUCH CASE MADE AND PROVIDED.

1836.

A. A. 1836.

p. 45.

S. L. vol. 6.

p. 555.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the State of South Carolina will receive such portion of the money of the United States of America, as may be apportioned to the said State, under the Act of Congress entitled "An Act to regulate the Deposit of the Public Money," approved on the twenty-third day of June, in the year of our Lord one thousand eight hundred and thirty six, on the terms specified therein.

Acceptance of surplus.

II. That the Comptroller General be, and he is hereby, authorized and required to receive, for and on behalf of this State, the respective dividends of said money, payable to the same, in pursuance of the aforesaid Act of Congress; and to execute, for and on behalf of the said State, such certificate as may be prescribed by the Secretary of the Treasury of the United States, in pursuance of the direction of the said Act of Congress.

Comptroller General to receive the same.

III. That the Comptroller General be, and he is hereby, authorized and required, upon receiving any portion of the said money, forthwith to cause the same to be deposited in the Bank of the State of South Carolina, to the credit of the State, which shall not be considered a part of the capital of the said Bank, but shall be banked upon and employed like the capital of the said Bank, according to the usages and customs of the Bank, until it may be withdrawn by requisition, according to the provisions of the aforesaid Act of Congress, or otherwise disposed of by authority of law.

And deposit it in the Bank.

IV. That the said Bank shall pay over to any requisition by the United States, made in pursuance of the aforesaid Act of Congress, such portion of the said surplus revenue as may be so required: *Provided* the said requisition shall not exceed the amount of the said surplus revenue then in possession of said Bank (and not otherwise appropriated by law.)

Bank to pay U. S. requisition when made.

AN ACT CONCERNING THE BANK OF THE STATE OF SOUTH CAROLINA.

A. A. 1837.

p. 41.

S. L. vol. 8.

p. 103.

I. *Be it enacted* by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the President and Directors of the said Bank be, and they are hereby, authorized and required to issue change bills of the denomination of fifty cents, and twenty-five cents, to such an amount as in their discretion may be necessary to meet the present wants of the citizens of the said State.

Change bills may be issued.

1838.

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Clerk may  
sign them.

II. *And be it further enacted*, by the authority aforesaid, That the President and Directors of the said Bank be, and they are hereby, authorized to cause all bills of and under the denomination of two dollars, to be signed by a Clerk, to be by them appointed for that purpose.

Repeal of con-  
flicting Acts.

III. *And be it further enacted* by the authority aforesaid, That all Acts, parts or clauses of Acts, forbidding the issuing of bills of the denomination of fifty cents, and twenty five cents, or regulating the mode and manner of signing the bills of the denomination of one and two dollars, be, and the same are hereby, repealed.

IV. *And be it further enacted*, That this Act shall continue and be of force for twelve months, and no longer.

A. A. June,  
1838. p. 5.  
S. L. vol. 7.  
p. 156.

Governor to  
issue bonds for  
\$2,000,000.

#### AN ACT FOR REBUILDING THE CITY OF CHARLESTON.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the Governor of the State of South Carolina be, and he is hereby, authorized and directed, in the name of the said State, to issue bonds or other contracts, to be countersigned by the Comptroller General, not exceeding in all the sum of two millions of dollars; one million of which shall be payable at the expiration of twenty years, and the other million at the expiration of thirty years, at a rate of interest not exceeding six per cent., for the purpose of procuring a loan, on the credit of the State, to rebuild that portion of the city of Charleston now lying in ruins; that the said bonds or contracts be issued in such form, and for such sums, and the principal and interest be made payable at such times and places, as shall be most effectual in procuring the said loan upon the best terms, either in Europe or America; and that the faith and funds of the State of South Carolina be, and the same are hereby, pledged to secure the punctual payment of the said bonds or contracts, with the interest thereon.

Bank to ap-  
point negotia-  
ting agents.

II. That in order to effect the said loan, the Governor is authorized and directed to commission such agent or agents as the President and Directors of the Bank of the State of South Carolina shall appoint; which said agent or agents shall be empowered to receive the said bonds or contracts from the Governor and Comptroller General, and to make all such arrangements as in his or their judgment may be deemed expedient for procuring the said money and placing it to the credit of the State, subject to the draft or order of the President of the Bank of the State of South Carolina.

Money depos-  
ited in Bank  
of the State.

III. The money, when realized in Charleston, shall be deposited in the Bank of the State of South Carolina, and shall become a part of the capital thereof.

IV. The President and Directors of the said Bank are authorized and required to loan to such applicants as will rebuild the portion of the city of Charleston which has been destroyed by the late fire, two millions of dollars, if so much be required, under the following terms and regulations, viz:

1838.

Applicants to be loaned to.

CLAUSE 1. As soon as the said loan, or any portion thereof, may be effected, any applicant desiring to build upon the said burnt district, may avail himself of the benefit thereof, by making an application to the said Bank, setting forth a plan and estimated cost of the building he proposes to erect, together with the situation and dimensions of the lot whereon the building is to be placed, and an abstract of his title thereto; and upon the President and Directors of the said Bank being satisfied with the title, and that it is free from encumbrances, they shall direct the said lot to be valued by the commissioners hereafter named, who shall certify their valuation to the said President and Directors, whereupon the said President and Directors are authorized and instructed to loan to the said applicant, one half the appraised value of his said lot. And all applications for the said loan shall be made within two years from the passing of this Act.

How to apply for loan.

CLAUSE 2. The applicant shall enter into bond, in a sufficient penalty, with condition to pay to the President and Directors of the said Bank of the State, the principal sum of whatever may be loaned him, in ten equal annual instalments, the first of which shall be payable within three years from the date of the bond; also, with condition to pay the interest annually; also, with the further condition that the money loaned shall, within one year from its receipt, be expended in the erection of brick or stone buildings, upon the said lot of land; and also that the said applicant shall in all respects comply with the provisions of this Act; and the said bond shall be secured by a mortgage of the lot of land; and the form and nature of such bond and mortgage shall be prescribed by the President and Directors of the said Bank, under the advice and direction of the Attorney General; and if the said mortgage should at any time become forfeited, either by failure to pay any part of the principal or interest of the said debt, at the time specified, or by a breach of any of the conditions of the said bond, the President and Directors of the said Bank shall and may, after six months notice to the obligor, his heirs, executors, administrators, or assigns, either personally served, or published in one or more public gazettes, in the city of Charleston, proceed to sell the property mortgaged, by auction, for ready money, for the best price that can be obtained for the same; which said sale shall be advertised for three weeks previously in one or more of the public gazettes of the city of Charleston; and the monies arising from such sale shall be applied by the President and Directors of the said Bank, in satisfaction of the said bond, any law, usage or custom, to the contrary thereof, in any wise notwithstanding; and the purchaser at such sale, his heirs and assigns, shall be deemed to be seized of a good and absolute and legal estate in fee simple of the premises purchas-

Bond for loan, instalments and interest.



1838.



Provision for  
a further loan.

ed, as against all persons whomsoever, their heirs and assigns, not claiming by or under a paramount title.

CLAUSE 3. Whenever the amount first loaned shall have been expended in the erection of buildings, as aforesaid, the said applicant, his heirs at law, legal representatives or assigns, may make application for a further loan, whereupon the President and Directors of the said Bank shall cause the said commissioners to ascertain and report whether the sum originally loaned has been applied as aforesaid, and upon the same being certified to the said President and Directors, they shall make to such applicant, his heirs at law, representatives, or assigns, a further loan, equal in amount to one half the appraised value of the said lot, should so much be necessary to complete the improvements thereon, which said loan shall be taken upon the same terms, and subject to the same conditions, as the first. And a further loan shall be made, equal to one half the value of the lot, should so much be required to complete the improvements thereon, whenever the said commissioners shall certify to the President and Directors of the said Bank, that the amount already loaned has been actually expended agreeably to the provisions of this law, and as soon as a good policy of insurance upon the property, to the extent of the amount previously loaned, shall have been duly assigned to the Bank. And the said additional loans shall be taken subject to the same conditions, and shall be secured in the same manner as the first. And in case any part of the said two millions shall remain, after making the said loans, the same may be lent to any applicant, or his heirs at law, representatives or assigns, for the purpose of completing his improvements, upon such securities as may be deemed satisfactory by the President and Directors of the said Bank.

How valua-  
tions shall be  
made.

CLAUSE 4. The valuation of the lots upon which the said loans are to be made, and also the certificates of expenditures upon the buildings, shall be made by a board of five commissioners, two of whom shall be appointed in behalf of the State, by the Bank, and two in behalf of the City, by the City Council, and a fifth to be chosen by the other four; and in case any vacancy occur, it shall be filled by the same parties who had appointed to the place so become vacant; and the said board, or a majority, (having been first duly sworn to the faithful discharge of their duty,) shall, in all cases where a loan is to be made or increased, certify their valuation to the Bank, and make such report of facts as may be necessary and proper to enable the said Bank to discharge its duty to all interests concerned.

Insurance  
must be effec-  
ted.

CLAUSE 5. In all cases where the value of the lot has been loaned, it shall be the duty of the borrower to cause insurance to be effected upon the buildings thereon, and to keep the same renewed, for the amount of the loan, or so much thereof as may remain unpaid, and to assign the policy to the Bank as collateral security; and in case the said borrower shall neglect so to do, the Bank shall cause insurance to be effected or renewed

in behalf of the President and Directors of the said Bank, and shall demand from the said borrower the premium of insurance paid, and all expenses; and if the same are not paid within one month, then the bond given by such borrower shall be considered forfeited, and he shall forthwith be bound to pay up the whole of his debt, as though the instalments had all been made payable at such date of forfeiture, if the said bank shall deem it expedient to require payment of the same; and in all cases where a policy of insurance is required by this Act, the Bank may accept in lieu thereof some other collateral security.

1838.

Provisions for neglect.

CLAUSE 6. No loan shall be made upon any lot upon which there may be a wooden building, unless sufficient security be first given, that the same shall be removed within one year from the passing of this Act.

No loan where wooden buildings exist.

CLAUSE 7. The interest to be charged on the said loan shall be fixed at as low a rate as will cover the interest to be paid by the State, with the necessary charge of remittance; but the said rate shall in no event exceed seven per cent. per annum.

Interest.

V. Before the said loan is effected, the City of Charleston shall, by an ordinance, to be duly ratified by the City authorities, guaranty the State against all loss to arise from loans to be made to the citizens of Charleston, under the authority of this Act.

City to guaranty the State.

VI. The lessee or tenant for life of any lot of land within the said district, shall be allowed the benefit of the provisions of this Act, if the owner of the reversion or remainder join in the mortgage to secure the amount loaned, in such form as may be advised by the Attorney General.

Of lessees or owners.

VII. The mortgage executed by the applicant shall be a charge upon the land, in favor of the Bank and its assigns, from the date of its registry in the office of Meane Conveyance, against all persons whomsoever; and all mortgages shall be recorded or lodged in the Register's office for record, by the applicants, before any money shall be paid by the Bank.

Of mortgages.

VIII. And *whereas*, the frequent visitation of the City of Charleston by fire, the destruction of property, and the loss of life, occasioned thereby, admonish the State of the evil of permitting other than fire proof buildings in the said city; and *whereas*, the funds of the State herein authorized to be advanced on the security of buildings in the said City, may be endangered; and no inducement is offered to individuals to erect fire-proof buildings, so long as others are allowed to build in their immediate neighborhood of combustible materials; for remedy whereof, *Be it enacted*, That hereafter it shall not be lawful to build, put, erect or construct, within the City of Charleston, any wooden or framed building, or to cover any building with a roof of combustible materials; and every building or construction, framed or constructed of wood, or having more wood on the outside thereof, or the roof of which is constructed otherwise, than is prescribed by an ordinance, ratified by the City Council of Charleston, on the 8th May of the present year, entitled, "An Ordinance to prevent

How lawful buildings shall be construct'd.

1838.

City Ordinance to prescribe.

the erection of Wooden Buildings, and to provide greater security from Fires," shall be, and is hereby declared to be, a public and common nuisance, and, as such, shall be abated, by the judgment and process of any court of competent jurisdiction; and the persons respectively, building, covering, or constructing, or instrumental in building, covering, or constructing, any building, roof, or construction contrary to this Act, or to the provisions prescribed in the said ordinance, shall be subject to the same penalties, in all respects, as are prescribed by the said ordinance; and all additions which shall be made to houses or buildings already erected, and all houses and buildings which shall be erected on old foundations, in part or in whole, shall be deemed and considered within the provisions, restrictions and regulations of the said ordinance, and of this Act; and full power and authority are hereby granted and confirmed to the City Council of Charleston, to determine the materials, thickness and construction of the walls and other parts of the buildings, of different dimensions and character, within the said City, and to make such other provisions by law, as they may deem expedient, to promote the erection of safe and convenient fire-proof buildings, and to provide greater security to the said city from fires. *Provided always*, that none of the securities against fire, prescribed by this Act, shall be diminished by any action of the City Council. And *provided, also*, that the marshes flowed by the tide, within the said City, shall be excepted only to such extent as has been excepted by the said City Council.

Wooden buildings declared a nuisance.

Damages assessed.

IX. And *whereas*, the whole property in which the funds of the State are authorized by this Act to be invested, may be also greatly endangered by the wooden buildings and sheds already erected upon the said burnt district since the late fire; *Be it enacted*, That every wooden building erected upon the said burnt district, be, and the same is hereby declared, a public nuisance, and as such shall be abated as aforesaid. And it shall be the duty of the Mayor and Aldermen of the City of Charleston to cause the same to be abated or removed at any time after the expiration of one year from this date, giving to the persons occupying the same at least three months previous notice of their intention to remove the same. And all persons who shall receive damage to their property by reason of such removal, may apply by petition to the Court of Common Pleas, who shall thereupon cause the damage to be assessed by a Jury, in view of the premises, and after having heard the parties or their counsel; and the jury, in assessing the damages, shall take into consideration the advantage which may accrue to the petitioner by surrounding his premises with brick instead of wooden buildings; and the damages so found by the jury shall be paid by the City Corporation to the party entitled; and in case the City Council, before removing the said building, shall prefer to have the damages assessed, it shall be lawful for them to file their petition in the said Court, giving notice to the owner or person in possession, and thereupon the said Court shall cause the damages to be assessed by

a jury as aforesaid; and the finding of the jury shall be conclusive upon all parties. *Provided always*, that the city shall not be bound to indemnify or pay damages for any building which has been erected or constructed contrary to the provisions of the ordinance hereinbefore mentioned and referred to. 1838.

X. It shall be the duty of the President and Directors of the Bank of the State of South Carolina, to make proper provisions for the punctual payment of the interest of such loan as may be effected upon the credit of the State under the provisions of this Act; and also for the ultimate payment of the principal thereof. *Bank shall make provision for payment of interest and principal of loan.*

XI. It shall be the duty of the President and Directors of the Bank of the State of South Carolina, to cause to be opened in the books of the said Bank, an account, in which they shall debit themselves with the profits arising out of the additional capital, created out of the two millions loan aforesaid, for the year ending on the first day of October, in the year of our Lord, one thousand eight hundred and thirty-nine, and with all the future profits of the said loan, as the same shall hereafter be annually declared; which said fund, with its annual accumulations, shall be considered solemnly pledged and set apart for the payment of the interest on the said loan and the final redemption thereof; and it shall be the duty of the President and Directors of the said Bank, annually, to report to both branches of the Legislature the exact state of that fund. *Duties of the Bank.*

XII. When the profits of the said Bank of the State of South Carolina shall have paid the interest of certain stocks, and redeemed the said stocks, for which they have heretofore been pledged and set apart, the said profits shall also be considered solemnly pledged and set apart for the payment of the interest on the said loan, and the final redemption thereof. *Profits of Bank pledged.*

XIII. The said President and Directors shall make such additional compensation to the Attorney General as they may deem sufficient for the additional services required of him by this Act; and they shall also make provision for paying such expenses as may be incurred by the Bank, in carrying this Act into effect. *Attorney General compensated.*

AN ACT TO AMEND AN ACT FOR REBUILDING THE CITY OF CHARLESTON.

A. A. 1838,  
p. 40.  
S. L. vol. 7,  
p. 161.

*Be it enacted*, By the Senate and House of Representatives, now met and sitting in General Assembly, That the Act of the General Assembly of this State, ratified on the first day of June last, entitled "An Act for rebuilding the City of Charleston," be, and the same is, amended in the following particulars:

1. The applicant for a loan may execute a single bond, with Bonds, how a penalty sufficient to cover all loans which may be made to taken, framed, &c.

1838.

him in virtue of the said Act, and a single mortgage to secure the said bond; and the said bond and mortgage shall be so framed by the Attorney General, as to embrace all the loans which may be made under the said Act; and the mortgage so executed, shall be deemed and taken as effectual to protect and secure all such loans as are within the amount of the penalty of the bond, in the same manner as though the whole amount which shall be subsequently loaned, had been loaned at the date of the said bond and mortgage.

Titles.

2. The applicants for the said loan shall be required to furnish the Bank only with an abstract of their title, and with such title deeds as may be in their possession, not recorded. They shall not be required to furnish copies of any evidence or muniment of title, or mense conveyance, which has been recorded in the proper public office.

Policy of insurance.

3. The policy of insurance which shall be required from any applicant for a loan, shall be deemed sufficient, if taken for such amount as it is customary for insurance offices within the State to take upon any single risk.

Valuation.

4. Preliminary applications for the said loan shall be received by the said Bank from any applicant, setting forth the plan and estimated cost of the building proposed to be erected, together with the situation and dimensions of the lot whereon the building is to be placed; and the President and Directors of the Bank, upon receiving such application, shall, even before information as to the condition of the title, direct the lot to be valued by the Commissioners appointed for that purpose; and the said Commissioners shall value the same, and certify their valuation in the manner provided by the Act of which this is an amendment; and the President and Directors of the Bank shall thereupon inform the applicant of the sum to which he will be entitled on complying with the provisions of the law; but no loan shall be actually made until the applicant shall fully have complied with the provisions of the Act above referred to, as amended by this Act.

Fees for searches, &amp;c.

II. *And be it further enacted*, That the fees of each public officer, who shall furnish certificates to be used in procuring the said loan, shall be, as is usual, twelve and a half cents for searches through all their books for each name, and sixty-two and a half cents for their certificate; but no public officer shall demand or receive from any applicant for the said loan, more than two dollars for all searches, certificates, and services, which may be made, given or rendered, in his office, for the said applicant, upon any one application for a loan; and every public officer who shall demand or receive more than two dollars for all searches, certificates, and services, inclusive, or who shall refuse to perform the usual duties of his office, at the request of any such applicant, shall be deemed guilty of a misdemeanor, and upon conviction thereof, before any court of competent jurisdiction, shall be subject to fine and imprisonment at the discretion of the court.

No charge by Atty General.

III. *Be it further enacted*, That no charge shall be made against any applicant for a loan, by the Attorney General, for

the bond and mortgage required to be taken by the Bank, nor for any other professional services rendered by him in the arrangements for a loan.

1838.

IV. *And be it further enacted*, That any person owning a lot, upon which a brick or stone building shall have been commenced since the fire of April last, shall be entitled to receive all the instalments of the loan, which he could have claimed under this or the former Act, if he had made application before the commencement of the work; provided he shall substantially comply with all the conditions required of an original applicant who shall have received the same number of instalments, and shall substantially give to the Bank security equal to that which would have been required of such original applicant.

Loans on past erections.

FROM "AN ACT MAKING APPROPRIATIONS FOR THE YEAR 1838."

A. A. 1838,  
p. 13.  
S. L. vol. 6.  
p. 612.

XII. *Be it further enacted*, That the payment of the sum of four thousand one hundred and sixty-three dollars, three cents, made by the Treasurer of the Upper Division, under the resolution of the Legislature, agreed to upon the fifteenth day of December, in the year one thousand eight hundred and thirty-seven, to correct an error in Governor McDuffie's account with the Bank, be, and the same is hereby, confirmed.

To confirm payment by Treas. U. Div. to correct an error in account of Gov. McDuffie.

AN ACT TO AUTHORIZE A SUBSCRIPTION IN BEHALF OF THE STATE TO THE SOUTH-WESTERN RAIL ROAD BANK.

A. A. 1838,  
p. 44.  
S. L. vol. 8.  
p. 104.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the subscription made by his Excellency the Governor, in behalf of the State, for ten thousand shares in the South-Western Rail Road Bank, be, and the same is hereby, authorized and confirmed.

Confirmation of subscription by Governor.

II. The Comptroller General is hereby authorized to draw from the Bank of the State the amount which may be required to pay the instalments due, and to become due, upon the said subscription, and to demand and receive from the proper officers of the Rail Road Bank, the usual scrip certificates, or receipts, and to hold the same for and on account of the State; and the President and Directors of the said Bank of the State shall make such arrangements as they shall deem expedient, for paying the said drafts of the Comptroller General: *Provided*, in case the President and Directors of the

Comptroller to draw from Bank the amount to pay instalments.

1838.

If the Bank  
cannot ad-  
vance, then

The Comp.  
Gen. to issue  
\$200,000 of 5  
per ct. stock,  
rede. in 20 yrs.

Dividends,  
how disposed  
of.

State proxies.

Bonus from  
Bank of  
Charleston.

Bank} of the State of South Carolina shall be of the opinion that they cannot advance the said funds required by said subscription, without embarrassment to the operations of said Bank, or without violating the faith of the State, pledged in "An Act to provide a Sinking Fund for the redemption of the six per cent. Stock of the State," passed in the year of our Lord one thousand eight hundred and twenty-one, and pledged in subsequent Acts for the redemption of all the Stock subsequently issued, then, and in that case, the Comptroller General is required to issue stock therefor, on the part and in behalf of the State, bearing a half yearly interest, at a rate of five per cent. per annum, and redeemable at the end of twenty years.

III. The dividends which shall be declared by the South Western Rail Road Bank, upon that portion of its capital stock held by the State, shall remain on deposit in said Bank as a fund to meet further instalments upon the said stock, as they may be called in, and shall, for that purpose, be subject, with any interest to accrue thereon, to the draft of the Comptroller General. *Provided*, such rate of interest shall be allowed on the same as may be agreed upon between the said Bank and the Comptroller General; *and provided also*, that such dividends, so deposited, shall in no instance draw less than at the rate of three per cent. per annum.

IV. At all elections or meetings of the Stockholders of the said Bank, the Commissioners now acting, or hereafter to be appointed, under a joint resolution of the Legislature, as proxies, in the Louisville, Cincinnati and Charleston Rail Road Company, or a majority of such as may be present, shall act as the proxies of the State.

V. The bonus to be paid by the Bank of Charleston, for the increase of its capital stock, shall be paid to the President and Directors of the Bank of the State of South Carolina, and may be by them applied on account of the subscription aforesaid.

A. A. 1839,  
p. 59.  
S. L. vol. 11,  
p. 38.  
Sheriffs to de-  
posit weekly  
in Bank of the  
State, or  
Branches.

FROM "AN ACT CONCERNING THE OFFICE, DUTIES AND LIABILITIES OF SHERIFF."

LXIV. The Sheriff of Charleston district, and the Sheriffs of each district in which a branch of the Bank of the State of South Carolina is, or may be established, shall, weekly, deposit, for safe keeping, in his name as sheriff, distinctly from any deposit made on his own account, all monies in his hands as sheriff; and on failure therein, any such defaulting Sheriff shall, for each offence, forfeit the sum of one thousand dollars, to be recovered as other penalties are directed to be recovered by the Act to establish the Bank of the State of South Carolina.

AN ACT TO PROVIDE FOR AN ADVANCE BY THE STATE ON ITS  
SUBSCRIPTION TO THE LOUISVILLE, CINCINNATI AND CHARLES-  
TON RAIL ROAD COMPANY.

1839.

A. A. 1839,  
p. 139.  
S. L. vol. 11,  
p. 86.  
Comptroller  
General to  
issue State  
stock; condi-  
tions, &c.

I. *Be it enacted* by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the Comptroller General be, and he is hereby, authorized and required to issue and deliver to the Louisville, Cincinnati and Charleston Rail Road Company, six hundred thousand dollars of State stock, bearing an interest of six per cent. per annum, payable quarterly, from the first day of January next, redeemable by instalments of one-third on the first day of January, in the year of our Lord one thousand eight hundred and forty-eight, one-third on the first day of January, one thousand eight hundred and fifty, and the other one-third on the first day of January, one thousand eight hundred and fifty-two, as an advance to the State on its subscription to the said company: *Provided* the said stock shall not be sold under par: *And provided also*, that this advance of six hundred thousand dollars, on its said subscription to the said company, now made by this State, shall be taken and considered as a debt due by said company to the State, to the whole amount of such advance, beyond the proportional amounts which may be paid by individual stockholders, on the instalments now due from them, upon the calls for the same hereafter to be made, and that interest be allowed the State at the rate of six per cent. upon the amount for which it may be in advance, until corresponding instalment or instalments are called for by the company, and paid in by the other stockholders: *Provided also*, that no part of the said stock be issued until satisfactory evidence be produced to the Comptroller General, that arrangements have been made by the company to take up all the notes which are secured by a pledge of the shares in the stock of the South Carolina Canal and Rail Road Company, or that such pledges will be entirely removed on the issue of the said stock; and that the said notes and pledged certificates of shares, when taken up by the Louisville, Cincinnati and Charleston Rail Road Company, be delivered to the Comptroller General, to be held by the State as security for the advance now made, and other liabilities of the State on account of the Company: *And provided also*, that the advance herein directed is upon the express condition that the income which may be received by the Louisville, Cincinnati and Charleston Rail Road Company, from the road between Charleston and Hamburg, shall be applied, in the first instance, to pay the interest which shall become payable on the bonds of the said Company, guarantied by the State; and that the said condition, as well as all other conditions imposed by this Act, shall be carried into effect by the said Company, in such form as shall be required by the Comptroller General, under the advice of the Attorney General.



1839.

Pledges for  
payment of  
stock and in-  
terest.

II. *And be it further enacted* by the authority aforesaid, That the interest on the said stock shall be paid from the sinking fund, and that the faith of the State, the capital and dividends of the Bank of the State, and the balance of the surplus revenue which may remain on deposit in the Bank of the State, beyond the sum required to meet the four instalments not now advanced by this Act, on the subscription of this State to the Louisville, Cincinnati and Charleston Rail Road Company, are hereby solemnly pledged for the payment of the interest, and the final redemption of said debt; and that the form of the certificate to be issued shall substantially be the same as those heretofore issued for State stock. The Legislature shall annually appoint, by joint ballot of both Houses, five commissioners, each from a separate Judicial circuit, who shall have power, until a new appointment be duly made, to represent the State of South Carolina at all meetings of the stockholders of the Louisville, Cincinnati and Charleston Rail Road Company, and of the South-western Rail Road Bank, and of the South Carolina Canal and Rail Road Company—and a majority of such as may be present shall cast the vote of the State upon all questions and elections. In case of the necessary absence of any commissioner, he may, for that occasion, appoint some proper person to act in his stead. Until an appointment shall be made under the provisions of this Act, the commissioners now acting under the appointment of the Legislature, shall continue to serve according to the existing regulation.

A. A. 1839,  
p. 131.  
S. L. vol. 11,  
p. 87.

Banking priv-  
ileges confirm-  
ed, and term  
of charter lim-  
ited, &c.

#### AN ACT TO EXTEND THE CHARTER OF THE SOUTH-WESTERN RAIL ROAD BANK.

I. *Be it enacted* by the Honorable the Senate and House of Representative, now met and sitting in General Assembly, and by the authority of the same, That the Banking privileges granted to the stockholders of the Louisville, Cincinnati and Charleston Rail Road Company, by an Act of the General Assembly of this State, ratified the 21st day of December, one thousand eight hundred and thirty-six, entitled "An Act to confer Banking privileges on the stockholders of the Louisville, Cincinnati and Charleston Rail Road company, on certain terms and conditions," be, and the same are hereby, granted and confirmed to them within this State, for twenty years from the first day of January next, and that the South-western Rail Road Bank shall be and remain a body corporate during that period, upon the same terms and condition as are set forth in the said Act, except so far as they are altered by this Act: *Provided*, the capital of said Bank shall not exceed three millions of dollars, if the road be not extended above Columbia.

II. That the said corporation shall be discharged from the conditions imposed by the 28th and 30th sections of said Act; and in lieu thereof, it is declared, that unless the stockholders of the Louisville, Cincinnati and Charleston Rail Road Company shall finish the rail road, with a single track, from Branchville to the town of Columbia, within three years from the first day of January next, then the grant hereby made shall cease and determine. 1839.   
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 Certain conditions withdrawn, and another added.

III. In case the charter granted to the said corporation by any other State shall be put an end to, the stockholders in that State may continue to be stockholders in the Bank, by allowing their subscriptions to the Louisville, Cincinnati and Charleston Rail Road Company to be used by the directors of that company, in common with the subscriptions paid in South Carolina; in default thereof, an account shall be taken of their interest in the Bank, and their just proportions ascertained and paid over to them, and their shares extinguished from the capital of the Bank.   
 Stockholders in other States may continue their subscriptions.

IV. The Legislature shall have authority at any time by a committee to examine the books and proceedings of the Bank.   
 Authority to examine books.

V. The dividends which shall hereafter be declared by the said Bank upon that portion of its capital stock held by the State, shall, under the direction of the Comptroller General, be paid over to the Bank of the State, and shall become a part of the sinking fund, and, in common with the said fund, shall be applied to pay the interest and principal of the stock issued by the State for its said subscription: *Provided, however,* that the South-western Rail Road Bank may at any time pay the said dividends by any equal portion of the said stock at par; and that the third section of the Act of December, 1838, entitled "An Act to authorize a subscription, in behalf of the State, to the South-western Rail Road Bank," be, and the same is hereby, repealed.   
 Dividends, how paid and applied.   
 Repeal of the 3d section of Act of 1838.

AN ACT TO EXTEND THE TIME DURING WHICH LOANS MAY BE GRANTED, UNDER THE ACT TO RE-BUILD CHARLESTON.   
 A. A. 1839, p. 137.   
 S. L. vol. 11, p. 92.

I. *Be it enacted*, by the Honorable the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the time during which applications may be made for loans, under the provisions of the Act to rebuild Charleston, be extended to the first day of June, eighteen hundred and forty-one, instead of the first day of June, 1840, as provided by that Act.   
 To June 1, 1841.

1840.

FROM "AN ACT TO RAISE SUPPLIES FOR THE YEAR 1840."

A. A. 1840,  
p. 97.  
S. L. vol. 11,  
p. 97.  
State dividends in R. R. Bank, how applied.

XVIII. The dividends upon the shares held by the State in the South-western Rail Road Bank, shall be applied, in the first place, to extinguish the interest upon any stock of the State which may be held by the Bank, and the balance of such dividends remaining after such extinguishment, may be paid to the State by an equal portion of State stock, valued at par.

A. A. 1840,  
p. 113.  
S. L. vol. 11,  
p. 113.

FROM "AN ACT TO ASCERTAIN AND DEFINE THE POWERS, DUTIES AND LIABILITIES OF MASTERS, COMMISSIONERS AND REGISTERS IN EQUITY, AND TO PROVIDE FOR THE ORGANIZATION AND REGULATION OF THEIR RESPECTIVE OFFICES."

Master and  
Commissioners  
in Equity to  
deposit in  
Bank or  
branches, &c.

XVI. That the Master in Equity for Charleston district, and the Commissioners in Equity in every district, respectively, where a branch of the Bank of the State of South Carolina is, or may be, established, shall deposit in the said Branch all monies officially in their hands, respectively, which have been received by them, by virtue of their said offices, or of any order or decree of the court; and the Commissioners in Equity in those districts where no branch of the said Bank is, or may be established, shall likewise, annually, within one month after the adjournment of their respective courts, deposit in the said Bank, or in some one of its branches, all monies officially in their hands, as aforesaid, and which have remained in their hands, unclaimed, for twelve months. And all monies deposited in Bank by any Master or Commissioner in Equity, or invested by him under any order or decree of the court, in bonds, notes, stock, or in any property whatsoever, for or in behalf of any person or persons or estate, shall be deposited or invested by the said Master or Commissioner, not in his private name, but, unless otherwise directed by the order of the court, in his official name as Master or Commissioner, as the case may be, and the same shall be transmissible to his successor in office, in trust for the said person or persons or estate. And if any Master or Commissioner in Equity shall be ordered by the court to invest the funds in his hands, and the accumulation of interest thereof, when received by him, as fast as received, in stock, or other funds yielding interest, and he shall neglect to do so, he and his sureties shall be chargeable with compound interest upon all such sums, to be calculated at half yearly periods, from the time when such sums, and the interest thereon, were received, respectively. And every Master and Commissioner shall exhibit his Bank book, containing the entries of all deposits made by him, as aforesaid, whenever required by any of the parties interested therein; but it shall not be necessary, hereafter, for any Master or Commissioner to make monthly returns to the said Bank, of the monies officially received by him, as now required by law.

AN ACT TO AMEND THE CHARTER OF THE BANK OF THE STATE OF SOUTH CAROLINA. 1840.

A. A. 1840,

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, That the President and Directors of the Bank of the State of South Carolina be authorized to cause bills of and under the denomination of ten dollars, to be signed by the Presidents and Cashiers of the branches.

p. 123.  
S. L. vol. 11,  
p. 123.  
Presidents  
and Cashiers  
of branches to  
sign bills.

II. The said President and Directors shall also have power to establish agencies of the said Bank, at such places as they may deem expedient.

To establish  
Agencies.

III. The said President and Directors shall, from the profits of the ensuing year, restore to the capital of the Bank the sum of two thousand eight hundred and sixty-one dollars, eighty-nine cents, released by the Legislature to the Columbia Female Academy, in December, A. D. 1833.

To restore to  
the capital of  
the Bank the sum  
of \$2,861 89.

IV. The President, Cashier, and Clerks employed in the Bank of the State of South Carolina, shall be exempt from serving on juries.

Officers ex-  
empted from  
jury duty.

AN ACT TO PROVIDE AGAINST THE SUSPENSION OF SPECIE PAYMENTS, BY THE BANKS OF THIS STATE. A. A. 1840, p. 100.

S. L. vol. 11,  
p. 100.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the provisions of this Act shall be and become parts of the charter of every Bank already incorporated within this State, which shall accept the same; and also of every Bank which shall, at the present or any succeeding session of the General Assembly, receive a grant of a charter, or any renewal, amendment, or modification thereof, unless the Act granting such charter, renewal, amendment or modification, shall, in express terms, dispense with the said provisions.

Bankcharters,  
how affected.

II. Every Bank which shall suspend the payment of current coin for its notes, or which shall declare a determination to suspend or refuse payment of its notes according to their legal obligation, in current coin, shall become liable to pay the State of South Carolina, at the expiration of every month after such suspension or declaration, a sum of money at the rate of five per centum per annum, upon the whole amount of its notes, which shall have been issued, in circulation at the commencement of the said month, and shall continue to pay at the same rate at the end of every month, until the said Bank shall revoke its declaration, and shall lawfully redeem its notes when demanded, according to their legal obligation; the said sum of money to be recovered by action of debt, in any court of competent jurisdiction.

Suspended  
Banks to pay  
monthly, at  
the rate of 5  
per cent. per  
annum, on  
their circulation.

1840. **Monthly Return to Comptroller General.** III. The President or Cashier of each Bank in this State shall, within the first six days of every month, make a return, on oath, of the state of such Bank, as it existed at the opening of the books on the first day of the then month, and shall transmit the same, within the two next days, to the Comptroller General; which officer shall collate the various statements, so as to present a comparative view of all the items thereof, and shall publish the same in some public newspaper, for general information. The said return shall specify the particulars set forth in the several columns embraced in the following schedule, and shall be made out in the following form, viz:

## Schedule.

## SCHEDULE.

## Debts.

## DEBTS DUE BY THE BANK.

Capital stock.  
 Bills in circulation.  
 Nett profits on hand.  
 Balance due to Banks in this State.  
 Balance due to Banks in other States.  
 All other monies due which bear interest.  
 Cash deposited, and all other monies due, exclusive of bills in circulation, profits on hand, balance due other Banks, and money bearing interest.

## Resources.

## RESOURCES OF THE BANK.

Specie on hand.  
 Real estate.  
 Bills of other Banks in this State.  
 Bills of Banks in other States.  
 Balance due from Banks in this State.  
 Balance due from Banks in other States.  
 Notes discounted on personal security.  
 Loans secured by pledges of its own stock.  
 Loans secured by pledges of other stock.  
 Domestic exchange.  
 Foreign exchange.  
 Bonds.  
 Money invested in stock.  
 Suspended debt, and debt in suit.  
 Money invested in every other way than is specified in the foregoing particulars.  
 Total resources of the Bank.  
 Rate and amount of the last dividend.  
 Amount of reserved profits at the date of the last dividend.  
 IV. Every Bank whose officers neglect to comply with the provisions embraced in the third section of this Act, shall forfeit, to the use of the State, to be recovered by the Comptroller General, one hundred dollars for each and every day's neglect; to be recovered, by action of debt, in any court of competent jurisdiction.

Forfeiture for non-compliance.

V. It shall be the duty of the Comptroller General to take all requisite means for collecting the amounts of money required to be paid to the State under the provisions of the second section of this Act: he shall have power to examine the books of each Bank, for the purpose of ascertaining the true amount of its notes in circulation; and any officer of a Bank who shall refuse to submit the proper books of the Bank to the Comptroller General, for the purpose aforesaid, shall be deemed guilty of a misdemeanor, and, upon due conviction, shall be subject to fine and imprisonment, at the discretion of any court of competent jurisdiction.

1840.

Powers and duties of Comptroller General and Bank officers.

VI. The Governor shall furnish each Bank within the State with a copy of this Act, immediately after its ratification, with a notice, requiring its acceptance of its provisions, as herein is directed.

The Governor to furnish each Bank with this Act, &c.

VII. Every Bank in this State which has heretofore suspended the payment of its notes in legal coin, or which has declared its determination to refuse or suspend such payment, shall, on or before the first day of March next, notify the Governor of its acceptance of the provisions of this Act; and in case any such Bank shall neglect to give such notice, the Governor shall forthwith cause legal proceedings to be instituted by the Attorney General or Solicitors against such delinquent Bank, for the purpose of vacating and declaring void its charter.

Liability for non-compliance.

AN ACT TO MAKE FURTHER PROVISIONS IN RELATION TO THE FIRE LOAN IN CHARLESTON.

A. A. 1840, p. 130.  
S. L. vol. 11, p. 130.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, That the time during which applications may be made for Loans, under the provisions of the Act for Rebuilding the City of Charleston, be extended to the first day of June, in the year of our Lord one thousand eight hundred and forty-two: *Provided*, that the City Council of Charleston shall by law extend the guarantee of the City to applications which may be made during such extension of time.

Time for loans extended.

II. Transfers of the stock issued in virtue of the said Act, and the new certificates requisite upon such transfer, shall be made by the same officers, and in the same manner, as for other State stocks; but the certificate shall, upon its face, exhibit that such stock has been issued under the provisions of the said Act.

Transfers of stock.

III. That interest upon the said stock shall be paid at the State Treasury, in the same manner as upon other State stocks; but each check drawn for the interest shall exhibit that it is drawn on account of the stock issued under the said Act.

Interest to be paid at the State Treasury.

1841.      Act; and such interest shall be paid by the Bank of the State from the avails of the Loan authorized by the said Act, and be charged accordingly.

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A. A. 1841. FROM "AN ACT TO INCORPORATE CERTAIN VILLAGES, SOCIETIES, AND COMPANIES, AND TO RENEW AND AMEND CERTAIN CHARTERS HERETOFORE GRANTED, AND TO ESTABLISH THE PRINCIPLES ON WHICH CHARTERS OF INCORPORATION WILL HEREAFTER BE GRANTED."

XLI. *Be it further enacted*, That it shall become part of the charter of every corporation, which shall at the present, or any succeeding session of the General Assembly, receive a grant of a charter, or any renewal, amendment or modification thereof, (unless the Act granting such charter, renewal, amendment or modification, shall in express terms except it,) that every charter of incorporation granted, renewed, or modified, as aforesaid, shall at all times remain subject to amendment, alteration or repeal, by the Legislative authority.

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A. A. 1842, p. 217. FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR COMMENCING IN OCTOBER, 1842."

S. L. vol. 11, p. 217.      XI. That after reserving the sum of ten thousand dollars, the Comptroller General is directed to apply any balance of monies in the Treasury, to the purchase and extinguishment of the Public debt of the State, giving preference, in each purchase, to the debt the interest of which is paid from the Public Treasury.

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A. A. 1842, p. 234. AN ACT TO AMEND AN ACT ENTITLED "AN ACT FOR REBUILDING THE CITY OF CHARLESTON," AND TO ALTER AND EXTEND THE TIME AND TERMS FOR THE REPAYMENT OF LOANS MADE BY THE BANK OF THE STATE OF SOUTH CAROLINA, PURSUANT TO THE PROVISIONS OF THE SAID ACT, AND OF A SUBSEQUENT ACT TO AMEND THE SAME.

Assent and guarantee of City Council, &c.      I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That, if the assent and guaranty of the

1842.

City Council of Charleston be previously given and expressed, as hereinafter provided, the time and terms for re-payment of loans made by the President and Directors of the Bank of the State of South Carolina, pursuant to the provisions of an Act of the General Assembly of this State, entitled "An Act for rebuilding the City of Charleston," ratified on the first day of June, in the year of our Lord one thousand eight hundred and thirty-eight, and of another Act, entitled "An Act to amend an Act for rebuilding the City of Charleston," ratified on the nineteenth day of December in the same year, be altered and extended to the periods and for and upon the terms and conditions following, that is to say :

1. In each and every of the said loans, upon which the annual interest, insurance, taxes and other incidental expenses have been or shall be fully paid, the time for the payment of the first instalment of the principal sum of the said loan shall be extended to two years from and after the time limited and specified for the payment thereof, by the condition of the bond entered into to secure the said loan, conformably to the provisions of the Acts of Assembly aforesaid ; and not more than five *per centum* of the principal sum of the said loan shall be required to be paid for the first instalment thereof ; and the residue of the principal sum of the said debt shall be paid by annual instalments of seven *per centum* of the whole amount of the said loan, to be paid at the expiration of the first year from and after the time herein and hereby limited and appointed for payment of the first instalment ; ten *per centum* thereof to be paid at the expiration of the second year ; twelve *per centum* thereof to be paid at the expiration of the third year ; fifteen *per centum* thereof to be paid at the expiration successively of the fourth and fifth years, and eighteen *per centum* thereof to be paid at the expiration of every successive year thereafter, until the whole debt be fully paid. And the annual interest of each and every of the said loans, or so much thereof as may from time to time remain unpaid, and also the premium of insurance, in all cases where the property mortgaged to secure payment of the said loan is required by the Acts of Assembly aforesaid to be insured, and all incidental expenses, shall be fully and regularly paid according to the provisions of the said Acts, and the condition of the bond entered into to secure payment of such loan, without any extension of time or indulgence whatever.

Extension of time, instalments, &c.

Interest and insurance to be paid as heretofore prescribed.

2. No borrower, or his legal representatives or assignees, shall be entitled to the benefit of this Act, until he or they shall have given notice in writing to the President and Directors of the Bank of the State of South Carolina, that he or they claim the benefit thereof, and assent to and accept all the terms and conditions thereto annexed, which assent shall be endorsed on the Bond and Mortgage of the said parties ; nor shall any borrower of any loan or loans, under the provisions of the Acts of Assembly aforesaid, or his legal representatives, be entitled to any indulgence or extension of time for any unpaid residue of the said loan or loans, where the property mortgaged to secure

Notice to be given by borrowers.

Indulgence not to be granted when the property has been sold.



1842.



Property of  
defaulters to  
be sold.

Purchaser to  
complain to  
two Magis-  
trates when  
possession is  
withheld.

Magistrates to  
proceed as in  
cases of Ten-  
ants holding  
over.

Magistrates to  
make record,  
and issue war-  
rant to Sheriff.

Duty of Sher-  
iff.

payment of the same has been actually sold for foreclosure of such mortgage, pursuant to the provisions of the Acts of Assembly aforesaid, and the debt has not been extinguished by such sale.

3. Whenever default shall be made in the payment of any of the instalments of the principal sum of any of the said loans, or of the annual interest, premium of insurance, taxes or incidental expenses aforesaid, at the times respectively limited and appointed by this Act, it shall be the duty of the President and Directors of the Bank of the State of South Carolina to cause the property mortgaged to secure the payment of any such loan, to be sold for satisfaction of the entire debt, in the manner directed and provided by the Acts of Assembly aforesaid; and if after any such sale made, and a conveyance to the purchaser executed, possession of the premises so sold shall be withheld from the purchaser by the borrower, or his legal representatives or assignees, or by any other person or persons whatsoever, it shall and may be lawful for the said purchaser, his legal representatives or assigns, to complain thereof to two Magistrates of the City of Charleston, whereupon it shall be the duty of the said Magistrates to issue their warrant for summoning a Jury of Freeholders, to inquire whether the person or persons so withholding possession of the said premises, hold the same as agent or agents of the said borrower, his legal representatives or assigns, or for his or their use, or if not, then at what time such person or persons entered into possession of the said premises; and such proceedings shall be had upon the said complaint, by the said Magistrates and Freeholders, and the Jury of Freeholders shall be summoned and organized, in such manner as is provided in cases of tenants holding over after the expiration of their leases, by an Act of the General Assembly of the State, entitled "An Act to afford landlords or lessors an expeditious and summary mode of gaining re-possession from tenants or lessees, who shall hold over after the determination of their leases," ratified on the nineteenth day of December, in the year of our Lord, one thousand eight hundred and twelve, and by an Act to amend the said last mentioned Act, ratified on the eighteenth day of December, in the year of our Lord one thousand eight hundred and seventeen; and if it shall appear to the said Magistrates and Freeholders, that the person or persons so withholding possession of the said premises, do actually hold the same as agent or agents of the said borrower, or his legal representatives or assigns, or for his or their use, or that such person or persons entered into possession of the said premises after the ratification of this Act, the said Magistrates shall make a record thereof, and give judgment for the party making the complaint, and shall issue their warrant to the Sheriff of Charleston District, whose duty it shall be to execute the same, commanding him to put the party for whom judgment has been given as aforesaid, into full possession of the said premises, and to levy the expenses incurred by the investigation of the said complaint, of the goods and chattels of the person or persons so

withholding possession as aforesaid, any law, usage or custom to the contrary thereof, in any wise notwithstanding; but if it shall appear to the said Magistrates and Freeholders that there is no sufficient ground for the said complaint, the same shall be dismissed, and the party making such complaint shall be condemned for the expenses aforesaid, to be levied by warrant as aforesaid, of the goods and chattels of such party: *Provided*, always, that the judgment aforesaid shall conclude only the right to present possession, and shall not affect the title of either party to the said premises, or deprive either party of any remedy in Law or in Equity for establishing a title to, or recovering possession of, the said premises.

1842.

Decision on insufficient grounds of complaint.

Proviso.

II. That whenever any property mortgaged to secure payment of any loan made pursuant to the provisions of the Acts of Assembly hereinbefore first mentioned, shall be sold for foreclosure of such mortgage, such sale shall not be made for cash, but for such portion of the price for which the same may be sold, as may then be actually due on the said loan, to be paid in cash, and for such credit, as to the residue, as the debtor would have been entitled unto for the residue of the debt, if the part thereof then due had been actually paid; and the said residue of the purchase money shall be secured by the Bond of the purchaser, with one or more good and sufficient sureties, to be approved by three Commissioners to be appointed by the President and Directors of the Bank of the State of South Carolina and the City Council of Charleston, and a Mortgage of the property; which said Bond and Mortgage shall contain such and the same conditions, covenants and provisions as are contained in the Bond and Mortgage of the original borrower, and are provided by the Acts of Assembly first aforesaid, and by this Act.

Sales to be made on the same credits, &c. that were given to the borrower, after payment of instalments due.

Residue of purchase money, how secured.

III. That no part of this Act shall be of any force or effect until the City Council of Charleston shall, by an Ordinance duly ratified by the City Authorities, assent to the terms and conditions of this Act, and to the indulgence herein proposed to be granted to the Debtors aforesaid, and shall guaranty the State against all loss and losses to arise from any of the Loans aforesaid, or the extension of the time and alteration of the terms for the payment thereof, or the credit allowed on sales of property mortgaged to the same, provided for by this Act.

No part of this Act to be of force till the City Council shall guaranty the State against any loss.

AN ACT TO PROVIDE FOR THE PAYMENT OF A PORTION OF THE PUBLIC DEBT. A. A. 1843. 11 Statutes, 260.

*Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That the President and Directors of the Bank of the State of South Carolina shall, agreeably to their proposition to that effect, contained in their annual report, deliver up to the Comptroller General, to be cancelled, all the

Bank of State to deliver certain bonds, &c.

1843. evidences of Public Debt of this State, now in their possession in Charleston, and that the said Comptroller General forthwith cause the same to be cancelled.
- Authorized to deliver also any bonds hereafter purchased. II. The said President and Directors are authorized and empowered to deliver up to the said Comptroller General, to be cancelled, any certificates or evidences of Public Debt of this State which they may hereafter purchase or procure.
- Comp. Gen. to transfer \$200,000 on deposit to the Sinking Fund, &c. III. The Comptroller General shall transfer to the Sinking Fund, the balance of two hundred thousand dollars, now standing on deposit in the said Bank, to the credit of the Surplus Revenue received from the United States, upon condition that the President and Directors of the said Bank shall be bound to fulfil the obligations contained in the following section.
- The Bank to pay the debt of \$300,000 (and interest) created in 1826. IV. The said President and Directors of the Bank of the State shall pay and discharge the principal and interest, as the same shall become due and payable, of the debt of three hundred thousand dollars, issued in virtue of the Act of the General Assembly, ratified in the year one thousand eight hundred and twenty-six.

Dividends on stock of S. W. R. R. B'k how appropriated. The Dividends accruing from the Stock owned by the State in the South-Western Rail Road Bank, shall hereafter be received by the President and Directors of the Bank of the State, and shall be applied towards payment of the interest hereafter accruing on that portion of the Public Debt created for subscription to the capital of said Rail-Road Bank; and whenever such Dividends shall exceed the said interest, the excess shall be applied in reduction of the principal; and whenever the said debt shall be finally extinguished, the said Dividends shall be paid into the Public Treasury by the said Rail-Road Bank.

A. A. 1843. AN ACT TO RESTORE TO EACH BRANCH OF THE LEGISLATURE, THE RIGHT OF ENQUIRING INTO THE FINANCES OF THE STATE.  
11 Statutes, 261.

- Authority to call for information from Bank of the State, and requisition to furnish it, &c. I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That either Branch of the Legislature shall hereafter have full power and authority to call for any information which they may deem necessary, from the Bank of the State of South Carolina, or the Branches thereof; and the said Bank and Branches are hereby required to furnish any information called for by either branch of the Legislature.
- Exceptions. II. Nothing in this Act contained shall imply a right to inspect the account of any private individual, body politic or corporate, with the Bank.

AN ACT TO AMEND AN ACT TO PROVIDE AGAINST THE SUSPENSION OF SPECIE PAYMENTS BY THE BANKS OF THIS STATE.

1843.

11 Statutes, 259.

I. Whereas, the Bank of South Carolina, and the President, Directors and Company of the State Bank, have respectively applied to the General Assembly by their respective memorials, praying to be permitted to accept, as part of their respective Charters, the terms and provisions of an Act entitled "An Act to provide against the suspension of specie payments by the Banks of this State," ratified on the eighteenth day of December, in the year of our Lord one thousand eight hundred and forty. *Be it therefore enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, That it shall and may be lawful for the said Bank of South Carolina, and the President, Directors and Company of the State Bank, severally to accept the terms and provisions of the said Act, as part of their Charters respectively: *Provided*, That the said corporations shall respectively notify the Governor of such acceptance, on or before the first day of March next.

Application of Bank of South Carolina and State Bank.

Bank of South Carolina and State Bank authorized to accept provision of Act of 1840, &c.

II. Nothing in this Act contained shall be construed to exempt the said Banks from the forty-first section of "An Act to incorporate certain villages, societies and companies, and to renew and amend certain charters heretofore granted, and to establish the principles on which charters of incorporation will hereafter be granted," ratified on the seventeenth of December, in the year of our Lord one thousand eight hundred and forty-one; but the provisions of the said section, and also of the Act mentioned in the first section of this Act, shall be taken and held as part and parcel of the charter of each corporation, which shall so accept as aforesaid.

The provisions of 41st Sec. of Act of 1841, to form part of their Charters.

III. The Governor, upon being notified of the said acceptance, shall cause all legal proceedings pending against the Bank so accepting, for the purpose of vacating its charter, to be forthwith discontinued.

Discontinuance of proceedings.

IV. The proceedings which have been instituted, and are pending, against any other incorporated Bank within this State, in virtue of the said Act to provide against the suspension of specie payments by the Banks of this State, shall be forthwith discontinued.

The proceedings against other Banks to be discontinued forthwith.

V. If any incorporated Bank in this State which shall not have duly accepted the terms and provisions of the said last mentioned Act, so that the same shall have become part of its charter, shall hereafter suspend the payment in legal coin, of the bills or notes of the said Bank, issued by the said Bank, as part of the currency or circulating medium of the State, or shall suspend the payment in such coin of the moneys placed in the said Bank on deposit, or shall declare its determination to suspend or refuse such payment, the Governor for the time being shall forthwith cause legal proceedings to be instituted against such Bank to vacate its charter; but no such proceedings shall be prosecuted to final judgment, nor shall final

Future suspensions by Banks not accepting the provisions of Act of 1840, how dealt with.

1843.

judgment for the State be entered thereon, until the expiration of the Session of the General Assembly next succeeding the institution of such proceedings.

A. A. 1843.  
11 Statutes,  
253.

FROM "AN ACT MAKING APPROPRIATIONS FOR THE YEAR COMMENCING IN OCTOBER, 1843."

Balance in  
Treasury,  
how appropriated.

XII. After reserving the sum of ten thousand dollars, the Comptroller General is directed to apply any balance of monies in the Treasury, at the end of the last fiscal year, to the purchase and extinguishment of the Public Debt of this State, giving preference, in such purchase, to the debt the interest of which is paid from the Public Treasury.

A. A. 1843.  
11 Statutes,  
262.

#### AN ACT TO ESTABLISH THE OFFICE OF ASSAYER.

Office, in  
Charleston.

I. *Be it enacted*, by the Senate and House of Representatives, now met and sitting in General Assembly, and by the authority of the same, that the office of Assayer, to be located and kept in the City of Charleston, be, and the same is hereby, established.

Bank of the  
State to ap-  
point; condi-  
tions of Bond,  
&c.

II. An Assayer shall be appointed annually, by the President and Directors of the Bank of the State of South Carolina, at their first meeting in each and every year, or as soon thereafter as convenient; and the officer so appointed shall execute a bond to the State of South Carolina, with surety or sureties, to be approved by the Commissioners appointed to approve the sureties of public officers in Charleston District, in the penal sum of five thousand dollars, and conditioned for the faithful performance of his duties as Assayer; and he shall be entitled to enter upon such duties on the due execution of such bond, and the filing of the same in the office of the Treasurer of the Lower Division. And the said bond shall stand as a security for all gold and other metals committed to the custody of the said Assayer, and shall be good and valid in law, to bind his sureties for every default during the whole time he shall continue in office, whether upon his original election or upon re-election.

Duties of As-  
sayer.

III. The duties of the Assayer shall be carefully to assay all gold and other metals generally used in coinage, which may be delivered to him for the purpose of ascertaining their quality or standard, and to stamp the fineness of the same, and if

required, from time to time, to furnish certificates thereof to the owner. 1846.

IV. The compensation of the Assayer shall be regulated by the President and Directors aforesaid, to be paid by the person or persons for whom any assays may be made. Compensation

V. Any vacancy occurring in said office shall be supplied by the President and Directors aforesaid, in manner, and with the same security, as are provided in these respects by the second section of this Act. Vacancies.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR A. A. 1844.  
COMMENCING IN OCTOBER, 1844." 11 Statutes,  
289.

XI. After reserving the sum of ten thousand dollars, the Comptroller General shall apply any balance of moneys in the Treasury at the end of the fiscal year, to the purchase and extinguishment of the Public Debt of the State, giving preference, in such purchase, to the debt the interest of which is paid from the Public Treasury. Balance in  
Treasury,  
how appro-  
priated.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR A. A. 1845.  
COMMENCING IN OCTOBER, 1845." 11 Statutes,  
315.

XI. After reserving the sum of ten thousand dollars, the Comptroller General shall apply any balance of moneys in the Treasury at the end of the fiscal year, to the purchase and extinguishment of the Public Debt of the State, giving preference, in such purchase, to the debt the interest of which is paid from the Public Treasury. Balance in  
Treasury,  
how appro-  
priated.

FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR A. A. 1846.  
COMMENCING IN OCTOBER, 1846." 11 Statutes,  
356.

IX. After reserving the sum of ten thousand dollars, the Comptroller General shall apply any balance of moneys in the Treasury at the end of the fiscal year, to the purchase and extinguishment of the Public Debt of the State, giving preference, in such purchase, to those debts the interest whereof is payable at the Public Treasury. Public debt to  
be purchased.

1847. FROM "AN ACT TO MAKE APPROPRIATIONS FOR THE YEAR  
 COMMENCING IN OCTOBER, ONE THOUSAND EIGHT HUNDRED  
 11 Statutes, AND FORTY-SEVEN."  
 431.

New certifi-  
 cates to be is-  
 sued.

X. Upon the payment to each Stockholder of the instalment payable in January next, on the Stock issued by the State under the Act to provide for an advance by the State on its subscription to the Louisville, Cincinnati and Charleston Rail Road Company, passed in the year 1839, the Comptroller General shall cause the old certificates of Stock to be surrendered, and new certificates to be issued for the remaining instalments, payable at the times appointed by the said Act; and such new certificates, together with all others hereafter to be issued, shall be signed by the Treasurer of the Lower Division, and countersigned by the Comptroller General; and the Comptroller General shall so arrange the issue thereof, as that the one office shall be a check upon the other.

Payment of  
 Public Debt.

XI. The Comptroller General shall take measures for applying any surplus, over ten thousand dollars, of the moneys which may be in the Treasury on the first day of October next, to the payment or purchase of the Public Debt, giving preference to such debt as is chargeable upon the Public Treasury.

## ORDINANCES

OF THE

## CITY COUNCIL OF CHARLESTON,

RELATING TO THE

## FIRE LOAN.

AN ORDINANCE TO PREVENT THE ERECTION OF WOODEN BUILDINGS, AND TO PROVIDE GREATER SECURITY IN CHARLESTON FROM FIRES. Passed 8th May, 1838.


1. *Be it ordained by the Mayor and Aldermen of Charleston, in City Council assembled,* That it shall not be lawful to build, erect, or construct, within the City of Charleston, any wooden or framed buildings of any description. No wooden or frame buildings to be erected.

2. Any building framed of wood, or having more wood on the outside of the building than that required for door and window frames, doors, shutters, sashes, porticoes and piazzas, shall be deemed a wooden building, and subject to the penalties of this Ordinance; and the roof of every building, and of every piazza and portico, shall be covered with some material not combustible, otherwise they shall be deemed each to be a wooden building, and subject to the penalties prescribed by this ordinance for the erection of wooden buildings. How buildings shall be constructed.

3. If any person shall build or construct, or cause to be built or constructed, any wooden building within the limits of the city, such person shall, upon conviction before any proper tribunal, forfeit and pay to the city a fine of five hundred dollars, and also a further sum of twenty dollars for every week during which any such building shall remain erected within the city contrary to the provisions of this law; and in case the said building shall not be pulled down and removed, or otherwise made conformable to the provisions of this law, within three months after such conviction, the person or persons so convicted shall, in addition to the said penalty of twenty dollars per week, be subject to a further penalty of one hundred dollars for his, her, or their neglect, at the expiration of every three months from the date of such conviction, until the said building shall be pulled down and removed, or otherwise made conformable to the provisions of this law. Fine for violation of Ordinance.

4. Every person who shall be employed in the building or construction of any building contrary to the provisions of this



1838.  Ordinance, shall, on conviction thereof, before a court of competent jurisdiction, forfeit and pay to the city the sum of five dollars for every day he may be so employed; and if any person so employed shall have in his employ slaves or persons of color, he shall forfeit and pay an additional sum of two dollars for each hand for every day during which such person may be engaged in the erection or construction of such building.

Fine for being employed on buildings prohibited.

Unfinished Buildings.

5. Every unfinished wooden building within the city, the construction or building whereof shall be continued after the passing of this law, shall be subject to the provisions; and any person who shall, after the passing of this law, proceed in the further construction or erection of such building, or thereafter cause the same to be erected or built, shall be subject in all respects to the same penalties as are prescribed in the third section of this Ordinance: and every person employed in the further construction or erection of such building shall be subject in all respects to the penalties prescribed in the fourth section. *Provided, however,* that nothing in this clause contained shall extend to any building which shall have been commenced and the frame thereof erected prior to the 27th day of April last.

Walls of buildings.

6. Every building hereafter erected within the city shall have, between the separate tenements thereof, sufficient brick or stone partition walls, and shall be finished with sufficient outer walls of brick or stone; and no wall of any building shall be deemed sufficient unless the same shall be at least twelve inches thick in the lower story, and eight inches thick above the lower story; and every person offending against the provisions of this section shall, upon conviction thereof, forfeit and pay to the city a fine of one hundred dollars, and also the further sum of ten dollars for each and every month during which the provisions of this ordinance shall remain not complied with.

Penalties.

Roofing and covering.

7. Whenever hereafter any building already erected shall be roofed or covered, it shall be roofed and covered as new buildings are hereby directed to be done; and the owner of such building and all persons concerned in roofing and covering the same contrary to the provisions of this clause, shall be subject to the same penalties as though the said building had been newly erected or constructed.

Marsh lots exempted for twenty years.

8. None of the provisions of this law shall, during the next twenty years, extend to any marsh lot within the limits of the city, upon which the tide flows. *Provided, however,* that at the expiration of the said twenty years, all wooden buildings standing upon the said lots shall be pulled down or removed, by the owners thereof; and the owner or owners, so neglecting to pull down or remove the same, shall be subject to the same penalties in all respects, as are provided in the third section of this law.

Temporary sheds.

9. The City Council may, by resolution, extend permission to mechanics to build and use as workshops, such temporary sheds as may be necessary for the purpose of re-building the burnt district, for such time and under such regulation as the said Council shall deem meet.

10. It shall be the duty of the City Marshals, and they are hereby strictly enjoined, to give immediate information of all

offences against this Ordinance, and one-half of the penalties recovered in each case shall be paid to the Marshal, or to any person who shall inform against and prosecute any offender. 1838.  
 Ratified in City Council the 8th of May, 1838. *Duty of City Marshals.*  
 (Signed,) HENRY L. PINCKNEY, Mayor.

AN ORDINANCE TO MAKE SUCH PROVISIONS AS ARE REQUIRED OF THE CITY COUNCIL, TO CARRY INTO EFFECT THE ACT FOR RE-BUILDING THE CITY OF CHARLESTON. Passed 18th June, 1838.

Whereas, the Legislature of South Carolina have lately passed an Act for re-building the City of Charleston, whereby a loan of two million of dollars is authorized to be made to the citizens of Charleston for the purpose of re-building that portion of the city lately destroyed by fire; and whereas, among other things, it is provided by the said Act, that the City of Charleston shall guaranty the State from any losses to arise by reason of said loan to the citizens of Charleston, and as it is but reasonable and proper that in a matter wherein such great and lasting advantages are to be derived by the city from the voluntary aid of the State, the city should indemnify the State from any damage or loss, *Preamble.*

1. *Be it therefore ordained by the Mayor and Aldermen of Faith and the City of Charleston, in Council assembled,* That the faith funds of the and funds, and other property of the City of Charleston be, City pledged and they are hereby, pledged to guaranty the State of South- to guaranty Carolina against any loss which may be incurred by the said South-Carolina State, from or by reason of any loan which may be made to the line. citizens of Charleston under the provisions of the said Act; and the said City of Charleston hereby binds itself to make good to the said State of South-Carolina, any and every such loss.

2. That the Commissioners to be appointed by the City Council under the provisions of the said Act, shall be elected by ballot by the said City Council, and shall remain in office for a period of two years from the day of election. And in case of the death, resignation or removal of either of them, the said City Council shall by ballot proceed to fill the vacancy for the unexpired period of the term of the former incumbent. *Commissioners to be elected by Council.*

3. That it shall be the duty of the Commissioners so appointed in behalf of the City, to make due returns to the City Council of all valuations and returns which may be made by the Board of Commissioners under the provisions of the said Act, and to furnish to the said City Council a copy of every valuation and return which may be made by the said Board to the President and Directors of the Bank of the State of South-Carolina, with any additional statement or report which the said Commissioners may deem important to the public interest. *Their duty.*

1840.

Duty of the  
Mayor.

est; and the said returns shall be filed in the office of the City Treasurer for the information of Council.

4. It shall be the duty of the Mayor of the City forthwith to give notice to all persons who have erected wooden buildings or sheds upon any part of the district burnt by the late fire, or who are in possession of the same, that the said wooden buildings must be taken down before the fifth day of June next, or in default thereof that the said buildings will be taken down and removed under the provisions of the said Act for rebuilding the City of Charleston; and in case any person shall neglect or refuse to take down and remove such wooden building before said fifth day of June, the Mayor shall forthwith cause all proper measures to be taken for abating the same as a nuisance, and for bringing to proper punishment such persons as are amenable to the law for their neglect or refusal to abate the said nuisance. *Provided, however,* that nothing herein contained shall be construed to exempt from prosecution, or from any punishment or penalty, any person who may have violated the ordinance already passed in relation to the erection or construction of wooden buildings.

Ratified in Council, the 18th day of June, 1838.

(Signed,) HENRY L. PINCKNEY, Mayor.

Passed 11th  
May, 1840.

AN ORDINANCE TO AMEND THE ORDINANCE ENTITLED "AN ORDINANCE TO MAKE SUCH PROVISIONS AS ARE REQUIRED OF THE CITY COUNCIL, TO CARRY INTO EFFECT THE ACT FOR REBUILDING THE CITY OF CHARLESTON."

Further pledge  
of guaranty by  
the City Council.

1. *Be it ordained by the Mayor and Aldermen of Charleston in City Council assembled, &c.,* That the faith and funds and other property of the City of Charleston be, and they are hereby, pledged to guaranty "the State of South-Carolina, against any loss which may be incurred by the State, from or by reason of any loan which already has been made, or hereafter may be granted to the citizens of Charleston, under the provisions of the Act of the Legislature, passed the nineteenth day of December, in the year of our Lord, one thousand eight hundred and thirty-eight, entitled "An Act to amend an Act for rebuilding the City of Charleston," and also during the time within which applications may be made for loans under the provisions of the Act to rebuild Charleston, as limited and defined by the Act of the Legislature, passed on the twenty-first day of December, in the year of our Lord, one thousand eight hundred and thirty-nine, entitled "An Act to extend the time during which loans may be granted under the Act to rebuild Charleston." To wit, until the first day of June, eighteen hundred and forty-one; and further to guaranty the State of South-Carolina against any loss which may be incurred by the said State, from or by reason of any loan, which already has

been made, or hereafter may be granted, under the provisions of the Act for rebuilding Charleston, to applicants who have not made application for the said loan or any part thereof, until after their improvements and buildings have been commenced or completed; such applicants being the parties who were the owners of the land at the time of the erection of such improvements, and their applications for the said loan having already been made: *Provided*, that every such applicant shall substantially comply with all the conditions required of an original applicant, who shall have received the same number of instalments, and shall substantially give to the Bank security equal to that which would have been required of such original applicant: *And provided also*, that every applicant after the passage of this Ordinance, shall strictly comply with all the conditions of the Act of June 1838, and that the Bank enforce the same. And the said City of Charleston hereby binds itself to make good to the State of South-Carolina any and all loss upon loans comprised in this Ordinance.

1843.

Duty of Applicants.

Ratified in City Council, the 11th day of May, 1840.  
(Signed,) HENRY L. PINCKNEY, Mayor.

AN ORDINANCE TO MAKE SUCH PROVISIONS AS ARE REQUIRED OF THE CITY COUNCIL OF CHARLESTON, TO CARRY INTO EFFECT THE ACT TO ALTER AND EXTEND THE TIME AND TERMS FOR THE REPAYMENT OF LOANS MADE BY THE BANK OF THE STATE OF SOUTH-CAROLINA, PURSUANT TO THE ACT FOR REBUILDING THE CITY OF CHARLESTON, AND A SUBSEQUENT ACT TO AMEND THE SAME.

1. *Be it ordained by the Mayor and Aldermen of Charleston, in City Council assembled, and it is hereby ordained by the authority of the same*, That the City Council of Charleston do hereby signify their full assent to the terms and conditions of an Act of the General Assembly of the State, ratified on the twentieth day of December, in the year of our Lord one thousand eight hundred and forty-two, entitled "An Act to amend an Act entitled an Act for rebuilding the City of Charleston, and to alter and extend the time and terms for the repayment of loans made by the Bank of the State of South-Carolina, pursuant to the provisions of the said Act, and of a subsequent Act to amend the same," and to the indulgence proposed to be granted in and by the said Act, to the debtors on the loans made by the President and Directors of the Bank of the State of South-Carolina, under the said Acts; and that the City Council of Charleston do also assent to the alteration and extension of the times and terms of payment of any of the bonds entered into to secure the said loans, to the times and upon the terms and conditions expressed and contained in the said Act first above mentioned.

Assent to the provisions of the Act of '42.

1843.

Guaranty  
against loss by  
the State.

2. *And be it further enacted by the authority aforesaid*, That the faith and funds and other property of the City of Charleston be, and the same are hereby, pledged to guaranty the State of South Carolina against all loss and losses which may be incurred by the said State, or may arise from any loan or loans made by the President and Directors of the Bank of the State of South Carolina, under the said Act for rebuilding the City of Charleston, and all Acts amendatory of the same; or by or from the extension of the time and alterations of the terms for the payment of any bond or bonds entered into to secure said loan or loans; or by or from the credit which may hereafter be allowed on any sale or sales of property mortgaged to the said President and Directors of the Bank of the State of South Carolina, to secure any of the said loans, as provided for in the said Act of the General Assembly, ratified on the twentieth day of December, Anno Domini eighteen hundred and forty-two.

Ratified in City Council, the 23d day of Jan. 1843.  
(Signed,) JOHN SCHNIERLE, Mayor.

#### RULES AND REGULATIONS FOR CARRYING THE FOREGOING ORDINANCE, AND THE ACT OF 1842, INTO EFFECT.

Terms of ex-  
tension of cre-  
dit.

1. Original borrowers, and purchasers, or other assignees from them, of the property mortgaged to secure such loans, shall be entitled to the extension of credit provided by said Act, on their compliance with the terms therein prescribed; but before any such purchaser, or other assignee, shall be entitled to the benefit of the said Act, he shall make proof of his interest by a regular conveyance, or conveyances, of the premises from the original borrower, all of which conveyances must have been duly recorded—which proof shall be by certificate of the Recording Officer.

All arrears of  
interest, insur-  
ance, taxes,  
&c. to be paid.

2. Before any extension of credit on such loans is allowed, the borrower, or purchaser, or other assignee from him, must pay, in full, all arrears of annual interest due on such loans, and all premiums of insurance, taxes, and other incidental expenses, which have been incurred up to the time when such extension of credit is applied for; and shall also subscribe an indorsement on the bond, and on the mortgage, to the following effect: "I, the within named A. B. (or C. D., assignee of the within named A. B.) do hereby give notice to the President and Directors of the Bank of the State of South Carolina, that I claim the benefit of the Act of the General Assembly, entitled "An Act to amend an Act for rebuilding the city of Charleston, and to alter and extend the time and terms for the repayment of loans made by the Bank of the State of South Carolina, pursuant to the provisions of the said Act, and of a

Indorsement  
on bond.

subsequent Act to amend the same," which was ratified on the 20th December, A. D. 1842; and I do hereby assent and agree to and accept all the terms and conditions thereto annexed, and by the said Act provided and required of all persons claiming the benefit of the same.

1843.



IN WITNESS WHEREOF, I have hereunto subscribed my name, this                      day                      A. D. 184.  
Witness,                      A. B."  
E. F."

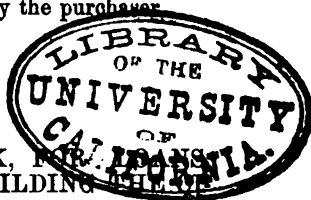
3. Where the credit on any fire loan has been extended, pursuant to the provisions of the said Act, if default shall be made in the payment of the annual interest, or of any premium of insurance, taxes, or other incidental expenses, or of any of the instalments of the principal, at the times respectively provided therefor by the said Act, the property mortgaged to secure the same will be sold, after notice, as provided by the Fire Loan Acts of June and December, 1838, in the same manner as in cases where the credit has not been extended.

On default of interest, insurance, taxes, &c., the property to be sold.

4. All sales for foreclosure of Fire Loan mortgages shall, in all cases, whether the credit has or has not been extended, be made upon the following terms, to wit: So much of the price bid, to be paid in cash, as is sufficient to satisfy the sum then actually due on the loan secured by the said mortgage, whether for principal, annual interest, insurance, taxes or other incidental expenses; the residue on such credit as the debtor would have been entitled unto, for the residue of the loan, if the sum then due had been actually paid; to be secured, by bond, with one or more good and sufficient sureties to be approved by the Commissioners appointed for the purpose, and by mortgage of the property, as provided by the second section of the Act of December, 1842. The bond and mortgage to be examined by the Attorney General and his approval indorsed on the same, and the expenses of the conveyance, as well as of the bond and mortgage, to be defrayed by the purchaser.

Terms of sale, on foreclosure of mortgage.

# REGULATIONS BY THE BANK, FOR LOANS UNDER THE ACTS FOR REBUILDING THE CITY OF CHARLESTON.



The Applicant must state,

1st. The dimensions and situation of the Lot on which the loan is to be made. The plan and estimated cost of the building to be erected, and he must furnish an abstract of his title to the land. The abstract must show a perfect chain of title for at least twenty years last past. It must contain the names of the parties, and the dates of any deeds, wills, or other muniments of title, under which the applicant claims; and so much of the substance and effect thereof, as may be necessary. All deeds, &c., in possession of the party, must be submitted for

Description of Lot, place of Building, and Abstract of Title required.

1840.

examination; and if not in possession, the office, book, and page where it is recorded, must be stated. If the property has been acquired, or transmitted, on a trust, or other incumbrance discharged, by descent, marriage, or other extrinsic fact, or facts, such facts must be set forth, and verified by affidavits. There must be affidavits of disinterested witnesses, showing possession, according to title, for twenty years.

Certificates required.

2d. Annexed to the abstract there must be certificates, that there are no encumbrances affecting the title of the applicant, from the Clerk of the Court of Common Pleas, Clerk of City Court, Clerk of Council, District Court of the United States, Register in Equity, and Register of Mesne Conveyance, Sheriff of Charleston District, and Secretary of State.

1st Loan, Bond, Mortgage, &c.

3d. When the land has been valued, and the title approved, a loan to the amount of one-half of the value of the land, will be made. All parties must join in proper form in executing the mortgage, and dower must be renounced. The borrower may either execute a bond and mortgage, for each separate loan, or for the whole amount that can be borrowed under the Act.

2d and 3d Loans, &c.

4th. Where the borrower has executed a bond and mortgage, covering all the loans, upon application, the second loan will be made to the amount of one-half of the value of the land, provided the Commissioners for valuing lands are satisfied that the previous loan has been expended in the erection of buildings on the premises, in conformity with the Ordinance of Council. And upon application, a third loan will be made of equal amount with the first, provided the Commissioners for valuing the lands are satisfied that the two first loans have been expended on the premises, in conformity with the Ordinance of Council: and provided, also, the said Commissioners do certify that the third loan is necessary to complete the improvements.

Insurance.

As soon as the second loan is made the buildings must be insured, and the policy assigned to the Bank.

Receipts.

Receipts for the amounts of the second and third loans are to be indorsed on the bond by the borrower.

Certificates prior to 2d or 3d Loans.

5th. Where the borrower prefers executing a separate bond and mortgage for each loan, it will be necessary to procure certificates that there are no intervening liens.

Privileges of Heirs, Representatives, or Assigns.

6th. In case of the death of a borrower, or of a transfer of the property by him, before all the loans are taken up, his heirs at law, or legal representatives, or assigns, will be entitled to take up the remaining loans, upon due proof of their title or authority.

Expenses to be paid.

7th. The expense of preparing the abstract of their title, and procuring certificates, and the fee for recording mortgages, must be defrayed by the borrower, and the last item must be paid before the bond and mortgage are prepared. But there will be no charge for bond and mortgage, and other professional services, in the arrangement of the loan.

# RESOLUTIONS.

## RESOLUTION

### OF THE HOUSE OF REPRESENTATIVES.

*In the House of Representatives, Sept. 15, 1813.*

*Resolved,* That this House do consider that the acceptance or exercise of the office of Bank Director of the Bank of the State of South Carolina, by any member of this House, is one of the disqualifying offices contemplated by the Constitution of this State, as vacating the seat of any such member.

A. A. and  
Reps. & Res.  
1813, p. 13.  
Office of Di-  
rector.

## RESOLUTIONS,

ADOPTED BY BOTH BRANCHES OF THE

### GENERAL ASSEMBLY.

*In the House of Representatives, Sept. 24, 1813.*

*Resolved,* That the Comptroller be, and he is hereby, required to ascertain whether a loan can be negotiated with either or all of the Banks of the City of Charleston, for the sum of one hundred and thirty four thousand dollars, and for a period not exceeding six months from the tenth day of January next, for the purpose of discharging the direct tax assessed by the United States; and to report to the Legislature, at their next meeting.

A. A. and  
Reps. & Res.  
1813, p. 13.  
Loan to dis-  
charge tax as-  
sessed by U.S.

*In the House of Representatives, Dec. 11, 1817.*

The Committee of Ways and Means, to whom was referred the petition from the inhabitants of Camden, praying the establishment of a Branch Bank in that place, beg leave to Report, That although the President and Directors of the

A. A. and  
Reps. & Res.  
1817, p. 90.  
Establishment  
of Branches to  
have sanction  
of Legislature.



1820.

Bank have, by charter, the power of establishing Branches wherever they may think proper, (within the State,) your Committee are nevertheless of opinion, that it would be good policy to precede the establishment of any Branch with the sanction of the Legislature; this policy has been pursued, and it is believed with advantage; under the influence of this policy, your Committee have inquired into the probable benefit that would result from the establishment of a Branch in Camden, and the result of their inquiries has been a conviction that much benefit may accrue in Camden from such an establishment, and that it will not be inconvenient to the mother Bank to establish such a Branch, as soon as they shall have completed their establishment in Georgetown. Your Committee, therefore, recommend to the House the adoption of the following Resolution:

Branch to be  
established at  
Camden.

*Resolved,* That the President and Directors of the Bank of the State be, and they are hereby, authorized and required to establish a Branch in Camden, with such a capital, and at such time, as they shall think the interests of the institution will permit.

*In the Senate, Dec. 18, 1820.*

A. A. & R. R.  
1820, p. 56.

The Committee of Conference, to whom were referred the Resolutions from the House of Representatives and the Senate, on the subject of inspecting the books of the Bank of the State of South Carolina, *Report* the following Resolution for the adoption of both Houses:

Com. of Inves-  
tigation to be  
appointed.

*Resolved,* That a Joint Committee of three persons from each House be appointed to obtain, during the recess of the Legislature, a general statement of the transactions of the Bank of the State of South Carolina, signed by the President, and countersigned by the Cashier; the duty of which Committee it shall further be, to inspect the general accounts in the books of the Bank, and report whether there has been any, and what, violation of the fundamental articles of the said Bank, its condition, the goodness of its debts, and their opinion of the mode of its administration, whether beneficial or otherwise.

*In the House of Representatives, Dec. 18, 1820.*

A. A. & R. R.  
1820, p. 88.

*Resolved,* That the President of the Bank of the State be requested to state to this Legislature, at its next session, his opinion of the expediency of increasing the capital of the said Bank, and letting in private stockholders for a proportion thereof.

*In the House of Representatives, Dec. 20, 1823.* 1823.

*Resolved,* That the Comptroller General and the President of the Bank of the State of South Carolina be required to inquire into the expediency and practicability of removing the Bank of the State of South Carolina from Charleston to Columbia, with the view of ultimately establishing, so soon as may be expedient, Branches at Cheraw and Hamburg; and that they be required to report separately thereon, at the meeting of the ensuing Legislature, taking into consideration the effect which would be thus produced upon the currency of the interior of the State.

A. A. & R. R.  
1823, p. 89.  
Inquiry respecting removal of Bank to Columbia.

*In the Senate, Nov. 26, 1823.*

*Resolved,* That it shall be the duty of the President of the Bank of the State of South Carolina to attend at Columbia during each and every session of the Legislature, for the purpose of giving such information relating to that institution, as may be required of him.

A. A. & R. R.  
1823, p. 116.  
President to attend session of Legislature.

*In the House of Representatives, Dec. 18, 1824.*

*Resolved,* That Henry Deas, Alfred Huger, William Washington, Benjamin F. Dunkin, and William Rouse, be, and they are hereby, appointed a Committee of Inspection for the principal Bank of this State at Charleston; and David R. Evans, Saunders Glover, Christian Bookter, Thomas W. Glover, and John Caldwell, a Committee of Inspection for the Branch Bank at Columbia; and James S. Deas, Evan Benbow, Thomas Lang, F. L. Kennedy, and Nathaniel Barber, a Committee of Inspection for the Branch Bank at Camden; and Thomas P. Davis, Stephen D. Miller, R. A. Taylor, Jos. W. Alston, and John Porter, a Committee of Inspection for the Branch Bank at Georgetown, agreeable to the provisions of the Act to alter and amend the Charter of the Bank of this State, passed at the present Session.

A. A. & R. R.  
1824, p. 127.  
Committees of Inspection.

*In the House of Representatives, Dec. 12, 1825.*

*Resolved,* That at each session of the Legislature, a Joint Committee of the two Houses shall be appointed, to nominate suitable persons as Directors of the Bank of the State of South Carolina, and the names of persons recommended by them, shall be reported as early as possible in the session, for the

1825. consideration of the members, at least six days before the election.

*Resolved*, That the Committee appointed by the Legislature to examine the state of the Bank and its Branches, shall be members of the Joint Committee, to which such other members of each branch of the Legislature shall be added, as the houses respectively shall deem it expedient.

*In the House of Representatives, Dec. 12, 1825.*

A. A. & R. R.  
1825. p. 114.  
Loans on  
mortgages.

*Resolved*, That so much of the tenth section of the original Act of incorporation of the Bank of the State of South Carolina, be so far altered as to limit the loans on mortgage of real estate to the sum of ten thousand dollars, instead of two thousand dollars, under the same conditions as are now established by law.

Deposits of  
Public Officers

*Resolved*, That every public officer of this State who is by law directed to deposit for safe keeping the monies he may receive in the Bank of the State of South Carolina, shall lodge the same, not in his private name, but in his official name, and with the title of the case or cases under which the monies were received; and shall exhibit the Bank book of such entries when required by any of the parties interested therein, under the same penalties as now attach for failure to deposit public monies, under the 51st section of the Act of 1812, establishing the Bank of the State.

Deposits of  
City Sheriff of  
Charleston.

*Resolved*, That the Sheriff of the City Court of Charleston shall weekly, or monthly, deposit, for safe keeping, the monies he may receive in his official capacity, in the Bank of the State of South Carolina only, in the same manner as the Sheriff of Charleston District is now by law required to do.

*Resolved*, That the Joint Committee on the principal Bank be directed to draft a bill to carry the foregoing Resolutions into effect.

*In the Senate, Dec. 13, 1825.*

A. A. & R. R.  
1825, p. 102.  
Report of  
Com. Gen. on  
finances of  
State.

*Resolved*, That the Comptroller General do report to the Legislature, at its next session, a statement exhibiting the condition of his department on the 30th September, 1826; shewing, on the one side, all the debts due by the State, of every nature and kind whatsoever—the particular nature of the different items—when contracted and for what purpose. On the other, all the money in the Treasury, and available stock and funds, including the Bank of the State of South Carolina, and claims against the United States—accompanied

by such remarks as may be necessary to explain the statement, and to show the true condition of the debts of the State, and its means of payment. 1826.

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*Resolved, That Committees be appointed to join such Committees as may be appointed by the House of Representatives, to examine into the affairs and situations of the principal Bank and its Branches, in conformity to the requisitions of an Act passed on the 18th of December, 1824.*

*In the Senate, Dec. 8, 1826. A. A. & R. R. 1826, p. 60.*

*Resolved, That Committees be appointed to join such Committees as may be appointed by the House of Representatives, to examine into the affairs and situations of the principal Bank and its Branches, in conformity to the requisitions of an Act passed on the 18th of December, 1824.*

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*In the House of Representatives, Dec. 4, 1827. A. A. 1827, p. 37.*

The special Committee appointed and instructed by this House to meet a special Committee on the part of the Senate, on the presentment of the Grand Jury of Kershaw district, and the memorials of Sumter and Kershaw, relative to the embarrassed and distressed situation of the venerable patriot, General Thomas Sumter, beg leave respectfully to Report, That they have had the same under consideration. It would be doing injustice to the feelings of this House, to suppose it necessary to urge, by any argument, the adoption of their recommendation. *All* are well acquainted with the patriotism, the services, the sacrifices, the lofty and untiring gallantry, of this Revolutionary Hero, *this last brilliant remnant* of perilous times, affording us this opportunity of exhibiting the gratitude of a grateful people, and soothing and calming the last moments of a public benefactor. He remembered his country in her darkest hour; *his country will not forget him.* Your Committee, as I have said, believing it unnecessary to urge any of these recollections, have thought proper, however, to exhibit to your view a few of the facts made known to them, and which do not appear on the face of the memorials. The money called for to effect this relief, has been already loaned by the Bank of the State of South Carolina. The debt is amply secured by mortgage and judgment on real and personal property; but it is known to all, the unparalleled difficulties of the times, and although the property mortgaged is more than doubly sufficient, still it is believed that were the Bank to press its demands, it would leave the object of our gratitude and affection, at the age of ninety, in absolute want. The officers of that institution, with a feeling highly creditable to them, are disposed, (as we are informed,) to grant all the indulgence consistent with their duty and honor; but indulgence cannot be longer extended without legislative sanction. Gen. Sumter, with that lofty feeling of *independence* which has al-

1828.



ways characterized him, is not *now* your *petitioner*, nor is he aware of the measure proposed for his relief; it is the spontaneous burst of gratitude of a whole community, in beholding a great and good man in adversity, a public benefactor, the "Game Cock" of the Revolution, sinking down with sorrow to the grave. Your Committee, impressed with these considerations, *unanimously* recommend the adoption of the following Resolution :

*Resolved*, That the President and Directors of the Bank of the State be instructed to indulge General Sumter during his life-time, on his debt to the Bank, free of interest, from this time, taking such steps as may be necessary to secure the ultimate payment of said debt.

A. A. & R. R.  
1828, p. 61.

Investigating  
Committees.

*In the House of Representatives, Dec. 16, 1828.*

*Resolved*, That Joint Committees, to consist of four on the part of this House, and two on the part of the Senate, be appointed to examine the condition of the Bank of the State and its branches, whose duty it shall be to report thereon at the next session of the Legislature.

The Committees appointed under the above Resolution, are :

On the part of the Senate—for Charleston, Messrs. P'On and Smith: for Columbia, Messrs. Hampton and Hart: for Camden, Messrs. Benbow and J. S. Deas: and for Georgetown, Messrs. Flagg and Witherspoon.

On the part of the House of Representatives—For Charleston, Messrs. R. B. Smith, Mintzing, and A. Black; for Columbia, Messrs. Butler, Waddy Thompson, and Player; for Camden, Messrs. Gee, Dugan, and Richardson: and for Georgetown, Messrs. Coggeshall, Hemmingway, and Pringle.

A. A. & R. R.  
1828, p. 60.

Number, du-  
ties, and sala-  
ries of Officers,  
in proportion  
to other  
Banks.

*In the House of Representatives, Dec. 20, 1828.*

*Resolved*, That the Committees who were appointed to examine into the affairs of the Bank of the State of South Carolina, do report the number of officers of said Bank and its several branches, the duties of those officers respectively, and the amount of their salaries, and the proportion that those salaries bear to officers of the like kind in the other Banks of this State; and also, the proportion in number of officers with the other Banks of this State.

*In the Senate, Dec. 15, 1831.*

*Resolved*, That the President of the Bank of the State of South Carolina be permitted to leave the City of Charleston for the months of August and September.

1831.

A. A. & R. R.  
1831, pp. 30,  
& 31.  
President al-  
lowed to leave  
Charleston in  
Aug. & Sept.

*In the Senate, Dec. 17, 1834.*

*Resolved*, That in case the health of the President of the A. A. & R. R. Bank of the State of South Carolina should require it, that he have leave of absence from the State, for a period of four months, during the ensuing summer.

1834, p. 43.  
Leave of ab-  
sence to the  
President.

*In the House of Representatives, Dec. 19, 1838.*

*Resolved*, That the President and Directors of the Bank of the State of South Carolina be authorized and requested to take such measures as in their judgment may be deemed proper, to preserve at par, throughout this State, the bills which may be issued by any Bank within its limits.\*

A. A. & R. R.  
1838, p. 115.

*In the Senate, Dec. 16, 1839.*

The Committee on Finance and Banks, to whom was referred a Resolution requiring the President of the Bank of the State of South Carolina to report annually the indebtedness and responsibilities of the officers of the Bank of the State of South Carolina, and its Branches, report: That they have attentively considered the said Resolutions, and recommend that all the words after the word resolved, be struck out, and the following substituted:

A. A. & R. R.  
1839, p. 53.

*Resolved*, That hereafter it shall be the duty of the President of the Bank to set forth, in an annual private report to the Senate and House of Representatives, the indebtedness and responsibilities of the several Directors with the said Bank, for the past year, brought down to the first day of each session of the Legislature.


President to  
make a pri-  
vate Report  
annually, of  
the indebted-  
ness of the  
Directors.

*In the House of Representatives, Dec. 18, 1840.*

The Committee of Ways and Means, to whom was referred a Resolution of Inquiry, as to the expediency of calling in a proportion of the Bonded Debt due the Bank of the State, respect-

A. A. & R. R.  
1840, p. 63.

\*For accompanying Report, see post.

1840.  fully report, That they have duly considered the same, and they recommend the adoption of the following Resolutions, in the stead of that referred to them.

Bank to call in Bonded Debt past due, and report thereon.

1. *Resolved*, That in the opinion of this Legislature, it is expedient the President and Directors of the Bank of the State should call in the Bonds held by the Bank, and which are past due, as speedily as the circumstances of the country, and of the individual debtors, will permit.

2. *Resolved*, That the President of the Bank make a Report to the Legislature, at the next session, exhibiting, in separate classes, the various amounts of Bonded Debt which have remained unpaid for one, two, three, and more years.

*In the Senate, Dec. 8, 1840.*

*Resolved*, That the President of the Bank of the State of South Carolina be requested, as soon as practicable, to report to this Senate the private debts and liabilities of the Directors of the Branches of the Bank of the State of South Carolina, at Columbia and Camden, whether such debts and liabilities be to the principal Bank or any of its Branches.

A. A. & R. R. 1840, p. 98.

President to report private debts, &c., of Directors of Branches at Columbia and Camden.

*In the House of Representatives, Dec. 15, 1840.*

*Resolved*, That the following Committees be appointed to examine and inspect the condition and affairs of the principal Bank of the State of South Carolina, and the Branches of said Bank, viz: Messrs. B. F. Hunt, Echard, and Middleton, of the House of Representatives, and Messrs. Quash and Felder, of the Senate, a Committee of inspection for the principal Bank, in Charleston: Messrs. Herndon, Pope, and Adams, of the House of Representatives, and Messrs. Witherspoon and Boozer of the Senate, a Committee of Inspection for the Branch Bank in Columbia; and Messrs. Woodward, E. G. Palmer, and Chesnut, of the House of Representatives, and Messrs. Gregg and Buchanan, of the Senate, a Committee of Inspection for the Branch Bank at Camden:

That the Committee to examine the principal Bank of Charleston, do report the number of officers of said Bank, the duties of those officers respectively, the amount of their salaries, and the proportion those salaries bear to the duties and salaries of the officers of the like grade in other Banks; also, the proportion such officers bear to the like officers and duties in other Banks; and, also, the capital of the said several Banks.

*In the House of Representatives, Dec. 18, 1840.* 1841.

*Resolved,* That the President of the Bank of the State of South Carolina be directed to have compiled and published, in pamphlet form, all Acts and clauses of Acts, and all Resolutions, passed and adopted by the Legislature, in relation to the said Bank and Branches thereof; and that he do cause a sufficient number of copies to be placed on the tables of the Members of both Houses, at the beginning of the next session.

A. A. & R. R. 1840, p. 101. President to have the Acts, Resolutions, &c., of the Legislature published.

*In the Senate, December, 11, 1841.*

The committee on Finance and Banks, to which was referred the memorial of the Louisville, Cincinnati and Charleston Rail Road Company, praying to be permitted to cancel certain bonds, payable in London, and to substitute others made payable in Charleston, respectfully report: That they have had the same under consideration, and are satisfied that the bonds specified in the memorial, were properly withdrawn from the foreign market, under the depreciation then and now existing. That the responsibility of the State, under her guaranty of the said bonds, will not be increased by such a transfer of indebtedness, from a foreign to a domestic creditor, but on the contrary, that the trouble and expense of transmission of the annual interest and instalments of principal, as the same may fall due, will be superceded by granting the privilege asked for in the memorial, to the extent, at least, of the amount proposed to be transferred. Your committee therefore recommend that the following resolution be adopted, viz:

*Resolved,* That the Comptroller General be, and he is hereby, authorized and required to cancel (on the same being presented to him for that purpose) twenty-one (21) bonds of the Louisville, Cincinnati and Charleston Rail Road Company, numbered from 125 to 145, both included, of five hundred pounds sterling each, and made payable, under the guaranty of the State, at the house of Palmers, Makellop, Dent & Co., London; and that he do, in conformity with the directions of the Act of one thousand eight hundred and thirty-seven, entitled "An Act to lend the credit of the State, to secure any loan which may be made by the Louisville, Cincinnati and Charleston Rail Company, and for other purposes," indorse a similar number of the same denomination, drawing five (5) per cent. interest, at four shillings and six pence to the dollar, made payable at the South-western Rail Road Bank in Charleston.

Comptroller General to cancel certain Bonds, and indorse others.



1841.

R. R. 1841,  
p. 124.President of  
the Bank to  
have the Bank  
compilation  
completed.*In the Senate, December 8, 1841.*

*Resolved*, That the President of the Parent Bank of the Bank of the State be authorized to employ some fit and competent person to recover, if possible, the reports which are missing, to make an Index, and in other respects to perfect and complete the compilation relative to the condition and management of the Bank and its branches; provided the compensation allowed does not exceed one hundred dollars.

R. R. 1841,  
p. 125.President and  
Directors not  
to indorse for  
each other.*In the Senate, December 17, 1841.*

*Resolved*, That in the opinion of this Legislature, the President and Directors of the Bank of the State should not, directly or indirectly, indorse for each other.

R. R. 1841,  
p. 126.Suspension  
condemned,  
&c.*In the House of Representatives, December 11, 1841.*

1. *Resolved*, That a suspension of specie payments by the Banks, is to be deprecated as an evil, destructive of the best interests of the State, and that it is the duty of the Legislature to prevent, if possible, its recurrence, by the exercise of all lawful and constitutional means.

2. *Resolved*, That a due subordination to the laws, of every class of citizens, is an essential feature of Republican Government; that a claim to exemption from Legislative authority, by any class, is contrary to the true theory of our Government; and if admitted, establishes, within the State, an aristocracy irresponsible to the law.

3. *Resolved*, That the Bank of the State, the South-western Rail Road Bank, the Planters' and Mechanics' Bank, and the Union Bank, deserve the confidence and support of the people, for their co-operation with the State, in promoting those measures which have been deemed essential to the public welfare.

4. *Resolved*, That this Legislature approves the course adopted by his Excellency the Governor, in relation to the Planters' and Mechanics' Bank, and the Union Bank, as in accordance with the spirit of the Act of 1840; that for the reasons assigned by the Attorney General, the Bank of Georgetown be discharged from any further proceedings—and that the Governor be requested to carry out such measures as he may deem expedient, for the final disposition of the cases against the other Banks.

*In the House of Representatives, Dec. 13, 1841.*

1841.

WHEREAS, The committee appointed at the last session of the Legislature to investigate the affairs of the Bank of the State of South Carolina, have made their report, and laid the same before this body.

R. R. 1841,  
p. 137.  
Respecting  
debts of Cor-  
porations, and  
sums at agen-  
cies of Ham-  
burg and  
Georgetown.

AND WHEREAS, the said committee have reported, amongst other things, that "on the large loans to corporations, which are but few, your committee had no means of estimating the value of the real security with accuracy, but the more extensive acquaintance of the members with the particular property, will enable them to do so."

AND WHEREAS, the said committee have reported further, that "the amount of the agencies only appeared by the entries—and how much of these sums the Hamburg and Georgetown agencies will realize, your committee had no means of estimating, and cannot, therefore, say that these amounts will be positively available, to meet the liabilities of the Bank."

*Be it therefore Resolved*, That the President of the said Bank do report to this Legislature, without delay, the amounts of the debts owing by incorporations to said Bank; when payable; when created; what security, if any; and whether the security upon any of them has been changed or released; and every other matter necessary to put the Legislature in full possession of the real condition of these debts.

*Resolved*, That the said President do also report to this Legislature, without delay, all the information in his power, relative to the sums at the agencies of Hamburg and Georgetown, so as to exhibit the true condition of these debts.

*In the House of Representatives, Dec. 9, 1842.*

R. R. 1842,  
p. 63.

The committee of Ways and Means, to whom was referred the report of the Commissioners appointed under the Act for re-building the city of Charleston, have duly considered the same, and respectfully recommend the adoption of the following resolution.

Thanks to the  
Commission-  
ers for rebuild-  
ing Charle-  
ston.

*Resolved*, That the Commissioners who have served the country under the Act for re-building the city of Charleston, deserve the thanks of their fellow-citizens, for the fidelity and disinterested perseverance with which they have discharged the duties entrusted to them.

*In the Senate, Dec. 16, 1842.*

R. R. 1842,  
p. 106.

*Resolved*, That the following committees be appointed, to examine and inspect the condition and affairs of the principal Bank of the State of South Carolina, and the branches of said

Investigating  
Committees.

1842.



Bank, viz: Messrs. Grimball and Elfe, of the Senate, and Messrs. Carn, Frost and Hibben, of the House of Representatives, a committee of Inspection for the principal Bank in Charleston; Messrs. Moses and H. H. Thompson, of the Senate, and Messrs. E. G. Palmer, Jamison and Arthur, of the House of Representatives, a committee of Inspection for the Branch Bank in Columbia; and Messrs. Dargan and Hanna, of the Senate, and Messrs. Dickerson, Blakeney and Manning, of the House of Representatives, a committee of Inspection for the Branch Bank at Camden.

*In the Senate, Dec. 9, 1842.*

R. R. 1842,  
p. 107.  
Indebtedness,  
&c. of Directors.

*Resolved*, That hereafter it shall be the duty of the President of the Bank of the State to set forth, in his annual private report, a statement of the indebtedness and responsibilities of the several Directors with the said Bank, *on the first day of each month* in the past year, continued down to the first day of each session of the Legislature.

Profits and ex-  
penses of the  
Bank.

*Resolved*, That the President and Directors of the Bank of the State shall, with their annual report, furnish the Legislature with an additional statement, setting forth on the one side, the gross amount of profits made, arranged under the separate heads from which they shall have been derived; and on the other, the items of contingent and other expenses of the Bank and its branches, appropriately classified, together with such other items as shall have been charged against the profits of the Bank.

*In the House of Representatives, Dec. 15, 1843.*

R. R. 1843.  
p. 100.

Purchasing  
the public  
debt.

1. *Resolved*, That the system of borrowing money upon the public faith, for the purpose of lending out the same to individuals, is unsound in principle and dangerous in practice.

2. *Resolved*, That the policy pursued by the Bank of the State, during the past year, in calling in its funds and purchasing the Public Debt, is approved by this General Assembly, and that the same policy should be steadily persevered in, until all the public debt, incurred for capital of the said Bank, shall be withdrawn and extinguished.

3. *Resolved*, That in the opinion of this General Assembly, it is inexpedient to prescribe the details of any plan by which this result shall be effected; but that it is wiser and more practicable to declare distinctly the course of policy which the public interests require, and leave to the President and Directors of the Bank the responsibility and charge of devising and executing the proper measures to effect these results.

4. *Resolved*, That this General Assembly, having now definitely settled and declared that course of policy which it deems for the public good, the President and Directors of the Bank are hereby enjoined to adopt measures for carrying out the same, as speedily as may be consistent with the faith of the State, the prudent management of the Bank, and the safety of the public interests.

1843.

5. *Resolved*, That the said President and Directors shall, in their annual Report, inform the General Assembly of such measures as they shall, from time to time, have adopted, for carrying out the policy indicated in the foregoing Resolutions.\*

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*In the Senate, Dec. 18, 1843.*

*Resolved*, That the Special Reports of the President of the Bank, and of the Comptroller General, be printed and bound with the Acts and other Reports of this Legislature. R. R. 1843. p. 155.

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*In the Senate, Dec. 18, 1844.*

*Resolved*, That the Senate approve of the determination of the Bank to enforce the judgment against the Nesbit Manufacturing Company, and bring the transaction to a conclusion. R. R. 1844. p. 174.

*Resolved*, That should a new Company be formed and purchase the Nesbit Works, together with the appurtenances necessary to carry on the business, the President and Directors of the Bank be requested to loan the said Company the amount (including interest) now due by the Nesbit Manufacturing Company, for the term of ten years, upon the following conditions: *Provided*, the Bank realizes the whole amount due by the said Company, by the sale of its property and its other securities. And provided further, that the new Company, to which the loan is granted, shall pay, on the first day of January in each year, for five years, the interest on the amount loaned, at the rate of seven per cent. per annum, and then pay the principal and interest in five equal annual instalments. And provided further, that the said new Company shall give such security as shall be approved of by the President and Directors of the Bank.\* Nesbit Manufacturing Company.


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*In the House of Representatives, Dec. 13, 1845.*

*Resolved*, That the Proxies who represent the State in the South Carolina Rail Road Company, be instructed to insist R. R. 1845, p. 132.

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\* For accompanying Report, see post.

1845.  that a Sinking Fund or some other means be provided by the Company, for extinguishing the debt guarantied by the State, and that immediate steps be taken to effect that object.\*

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*In the House of Representatives, Dec. 13, 1845.*

- R. R. 1845. P. The Committee of Ways and Means, to whom was referred  
134. the Report of the Comptroller General, as to so much thereof as relates to the application to be made of the dividends from the South Carolina Railroad Company, respectfully Report :  
Dividends of That in their opinion, the most advisable disposition which can  
S. C. R. R. Co. be made of these dividends, is to redeem the public debt, and they therefore recommend the adoption of the following Resolution :  
*Resolved*, That the Comptroller General do apply the dividends received, and to be received, from the South Carolina Railroad Company, towards the extinguishment of the Public Debt, giving preference in such extinguishment to the debt the interest whereof is charged upon the Public Treasury.
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*In the Senate, Dec. 16, 1846.*

- R. R. 1846. P. *Resolved*, That the President of the Bank of the State of  
203. South Carolina do cause to be published, in pamphlet form, a new edition of the Laws and Documents relating to the Bank, bringing the publication down to the latest period before publication.
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*In the House of Representatives, Dec. 10, 1846.*

- R. R. 1846. P. *Resolved*, That the President of the Bank of the State of  
207. South-Carolina furnish, for the information of the Legislature, the monthly statement of the indebtedness of all the Directors of said Bank, for the present year.
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*In the Senate, Dec. 1846.*

- R. R. 1846. P. 1. *Resolved*, That it would be highly unwise and inexpedient  
49. to abolish the Bank of the State.  
Bank should 2. *Resolved*, That when the State of South Carolina pledged  
not be abol- the profits and capital of the Bank to her creditors, as  
ished, &c. a security for money borrowed, she did so in honesty of purpose and good faith.  
3. *Resolved*, That the Bank of the State cannot be abolished directly, nor its business, stability and prosperity undermined by indirection, without a violation of good faith, and dishonor to the State, unless the holders of the Stock of the State,

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\* For accompanying Report, see post.

for which it is pledged as a security, be first paid, or their consent obtained therefor.

4. *Resolved*, That the exposure of the names and accounts of its debtors, would be in bad faith to them—in violation of the charter, and would undermine its business, prosperity and stability, and be, therefore, against the interests of the State, and a violation of the most solemn pledges to the public creditors.\*

1847.

*In the House of Representatives, Dec. 16, 1847. R. R. 1847.*

The Committee of Ways and Means, to whom was referred the Report of the President and Directors of the Bank of the State, respectfully report: That the Bank has suggested the expediency of taking measures to advance the periods appointed for the payment of the Public Debt, incurred under the Fire Loan Act, and of causing it to be paid in instalments of about \$100,000 annually. Your Committee highly approve this suggestion, and would recommend that measures be promptly taken to ascertain whether it be practicable. The great advantage which the State would derive from such a change, is that instead of being compelled to consolidate and keep at risk the profits of several years derived from the Bank, the same would be at once applied as fast as they accrue, and the State would be disburthened of its debt at a much earlier period, and with less derangement to its financial concerns. Of course such a change could not be made without the consent of the Bondholders; and as the bonds are valuable in proportion to the length of time for which payment is deferred, the change could only be effected by offering a compensation in the shape of an increase of interest. How great this increase ought to be, is a question for the exercise of a sound discretion. If we were to undertake to specify a limit, the creditor would naturally raise his demand at once to that limit; unless he should think the limit too low, and then he would simply decline the negotiation. So that the only mode of effecting any thing, would be to entrust the matter to some one who could see the parties and treat with them personally.

Time of payment of public debt, proposed to be changed.

Such a person could be better selected and employed by the Bank, than in any other way. It would only be necessary to instruct them, that inasmuch as the charter of the Bank will expire before the period fixed for the payment of the Bonds, in any arrangement which they may make nothing shall be done which shall trammel the General Assembly, in voting upon the question of a renewal of the charter.

Your Committee therefore recommend the adoption of the following Resolutions:

*Resolved*, That the General Assembly deem it an object of

\* These Resolutions are of the Senate alone. For accompanying Report, see post.

1847.

great public interest, that the Public Debt should be extinguished at the earliest period possible, and they approve the recommendation of the President and Directors of the Bank of the State, that measures should be taken, with the consent of the public creditor, to advance the periods, and lessen the instalments, now prescribed for payment thereof.

*Resolved*, That it is expedient to break the heavy instalments of \$500,000, now payable at fixed periods, into instalments of \$100,000, payable annually, to commence in January, 1853, as proposed by the Bank, if the same can be done without an unreasonable increase of the annual interest.

*Resolved*, That the President and Directors be authorized and requested to ascertain the terms upon which the proposed arrangements can be effected, and to carry out the same in such manner as they may deem expedient, within the limitations suggested in this Report.

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*In the Senate, Dec. 17, 1847.*

R. R. 1847.

Small bills.

Unclaimed deposits.

*Resolved*, That the President and Directors of the Bank of the State of South Carolina report in their next, and each succeeding annual report, the quantity of small bills, under five dollars, in circulation, specifying the amount of each kind.

*Resolved*, That they also report to each Session of the Legislature, all balances of deposits, dividends or other sums, unclaimed for the space of two years.

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*In the Senate, Dec. 17, 1847.*

R. R. 1847.

Monthly statements.

The Committee on Finance and Banks, to whom was referred Resolutions as to the monthly statements of the Bank, have considered the same, and recommend their adoption.

*Resolved*, That the Comptroller General cause to be published in one of the newspapers of Charleston and Columbia, the monthly statements rendered by the Banks.

*Resolved*, That at the end of each year, the Comptroller General cause to be made, a tabular statement of the quarterly averages of the items specified in the said statements, and report the same to the General Assembly, to be printed for general information, with his Annual Report.

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*In the Senate, Dec. 17, 1847.*

R. R. 1847.

Comptroller General to report sundry information.

*Resolved*, That the Comptroller General be instructed to prepare and submit to the Senate, at the next Session of the Legislature, a statement, exhibiting fully all sums transferred to the Bank of the State of South Carolina, on account of capital, under the provisions of the Act incorporating said Bank,

1847.

and the Acts amendatory thereto, passed previous to 1st December, 1819, the dates of the respective transfers, and the sources whence derived. Also the payments made on the Public Debt by the said Bank, out of said capital, setting forth distinctly the dates and amounts of such payments. That he also state the amounts of all payments made into the Public Treasury by the said Bank, on account of profits, with the respective dates of such payments. That he set forth in such statement, also, all payments made by the said Bank, (out of any funds transferred to it as capital, or deposited with the Bank to be used as capital, or from the profits or income derived therefrom,) on account of the debts due by this State. That he likewise set forth all sums paid by the said Bank, from income or otherwise, to the public creditors, on account of the interest on their respective debts. That he also set forth all sums which have been added to the capital of the Bank, since the 1st December, 1819, or have been deposited with the Bank to be banked upon as capital, or have been transferred to the Sinking Fund from the State Treasury—with their respective dates. That he also prepare a statement, exhibiting the actual operations of the Bank, in respect of income or profit—in which he shall charge the Bank with interest, upon all sums paid into it as capital, or transferred to it to be used as capital—and credit the Bank with all sums paid into the public Treasury as profits, and also all sums paid to public creditors on account of principal or interest of these respective debts, out of the profits of the said Bank.



## INVESTIGATING COMMITTEES.

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### PRINCIPAL BANK.

- 1820.—Messrs. Elliott, I'On and Ramsay, of the Senate, and J. Hamilton, Jr., W. Carr and Geo. Butler, of the House.
- 1824.—Messrs. Henry Deas and Alfred Huger, of the Senate, and Wm. Washington, B. F. Dunkin and Wm. Rouse, of the House.
- 1826.—Messrs. Grimke and Seabrook, of the Senate, and Pinckney, Dunkin and Elliott, of the House.
- 1828.—Messrs. I'On and Smith, of the Senate, and R. B. Smith, J. Mintzing and A. Black, of the House.
- 1830.—Messrs. Seabrook and Cunningham, of the Senate, and Axson, Horry and Shand, of the House.
- 1832.—Messrs. Ashe and Cunningham, of the Senate, and P. Finley, Bryan and Dawson, of the House.
- 1834.—Messrs. Hamilton and J. E. Jenkins, of the Senate, and H. Gourdin, J. Mintzing and E. H. Edwards, of the House.
- 1836.—Messrs. J. E. Jenkins and Bryan, of the Senate, and Frost, Edmondston and Yeadon, of the House.
- 1838.—Messrs. Bennett and Dawson, of the Senate, and Memminger, Schnierle and Simons, of the House.
- 1840.—Messrs. Quash and Felder, of the Senate, and B. F. Hunt, Echard and J. J. Middleton, of the House.
- 1842.—Messrs. J. B. Grimbail and Elfe, of the Senate, and Carn, Frost and Hibben, of the House.
- 1844.—Messrs. DeTreville and Murray, of the Senate, and Torre, P. Brooks and W. G. Sims, of the House.
- 1846.—Messrs. J. S. Rhett and Rivers, of the Senate, and J. E. Carew, D. Jamison and J. H. Read, of the House.

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### COLUMBIA BRANCH.

- 1824.—Messrs. David R. Evans and Saunders Glover, of the Senate, and C. Bookter, T. W. Glover and John Caldwell, of the House.
- 1826.—Messrs. Hampton and Lehre, of the Senate, and Bookter, Partridge and W. Thompson, Jr., of the House.
- 1828.—Messrs. Hampton and Hart, of the Senate, and A. P. Butler, W. Thompson, Jr., and Player, of the House.
- 1830.—Messrs. Manning and James Gregg, of the Senate, and T. W. Glover, Bookter and Butler, of the House.
- 1832.—Messrs. Gregg and Higgins, of the Senate, and McCord, J. J. Caldwell and Glover, of the House.

- 1834.—Messrs. Gregg and Caughman, of the Senate, and Adams, Bookter and Boozer, of the House.
- 1836.—Messrs. Canghman and Dunovant, of the Senate, and D. McDowell, Boozer and Caldwell, of the House.
- 1838.—Messrs. Glover and Higgins, of the Senate, and Boozer, Brown and McDowell, of the House.
- 1840.—Messrs. Witherspoon and Boozer, of the Senate, and Herndon, Pope and J. H. Adams, of the House.
- 1842.—Messrs. Moses and H. H. Thompson, of the Senate, and Palmer, D. Jamison and H. Arthur, of the House.
- 1844.—Messrs. H. C. Young and Gist, of the Senate, and J. R. Aiken, Manning and Black, of the House.
- 1846.—Messrs. Perrin and Griffin, of the Senate, and Yancey, Boyce and A. R. Taylor, of the House.

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CAMDEN BRANCH.

- 1824.—Messrs. James S. Deas and Evan Benbow, of the Senate, and Thomas Lang, F. L. Kennedy and N. Barber, of the House.
- 1826.—Messrs. Miller and Irvin, of the Senate, and Lang, Patterson and Gibson, of the House.
- 1828.—Messrs. Benbow and James S. Deas, of the Senate, and Gee, Dugan and J. P. Richardson, of the House.
- 1830.—Messrs. Dugan and Glover, of the Senate, and Hill, Richardson and Spann, of the House.
- 1832.—Messrs. Chesnut and Dugan, of the Senate, and Davie, McWillie and Potts, of the House.
- 1834.—Messrs. Richardson and Goodwyn, of the Senate, and Potts, Levy and Cunningham, of the House.
- 1836.—Messrs. John Chesnut and Dugan, of the Senate, and Davie, Patterson and Murray, of the House.
- 1838.—Messrs. English and Powe, of the Senate, and Patterson, Richardson and Murray, of the House.
- 1840.—Messrs. Gregg and Buchanan, of the Senate, and Woodward, Palmer and James Chesnut, of the House.
- 1842.—Messrs. Dargan and Hanna, of the Senate, and Dickerson, Blake-ney and Manning, of the House.
- 1844.—Messrs. Hanna and Dargan, of the Senate, and James Chesnut, McMullan and W. J. Alston, of the House.
- 1846.—Messrs. Buchanan and Huey, of the Senate, and J. D. Wilson, H. Boykin and Chandler, of the House.

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GEORGETOWN BRANCH.

- 1824.—Messrs. Thomas P. Davis and S. D. Miller, of the Senate, and R. A. Taylor, Joseph W. Alston and John Porter, of the House.
- 1826.—Messrs. Flagg and Wilson, of the Senate, and Carr, Alston and John Gregg, of the House.
- 1828.—Messrs. Flagg and Weatherspoon, of the Senate, and Coggeshall, Hemmingway and Pringle, of the House.

1830.—Messrs. Campbell and Allston, of the Senate, and S. Cohen, Jr., Allston and Pringle, of the House.

1832.—Messrs. T. P. Allston and Evans, of the Senate, and Dunkin, Cohen and Singleton, of the House.

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#### CHERAW AGENCY.

1832.—Messrs. R. B. Campbell and Pegues, of the Senate, and Irvin, Harlee and Rowell, of the House.

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#### HAMBURG AGENCY.

1832.—Messrs. A. P. Butler and Black, of the Senate, and Pickens, Bull and Benson, of the House.

REPORTS  
OF  
INVESTIGATING COMMITTEES.

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(1820.)

FROM THE SPECIAL COMMITTEE OF THE HOUSE.

The Committee appointed to receive from the Comptroller General information relative to the Bank of the State, respectively Report:

That from the statements of the Comptroller General, and of the President of the Bank, who favored them with their attendance, and freely communicated all the information required, this Committee are enabled to submit the following brief exposition of the progress, management, and present situation of that institution.

At the time of its establishment, and for a considerable period afterwards, a very small part of the capital of the Bank consisted of money; the greater portion of it consisting of stock of different kinds, and of debts due to the State; as will more fully appear by reference to the Comptroller General's Report for the year 1812. It has been the policy of the institution to convert its stock capital into money, whenever it could be done advantageously, or whenever the increase of its business required, on banking principles, a larger cash capital; and whenever the profits of such increased business exceeded the profits arising from the stock. Accordingly, the whole of the United States stock has been converted into cash, and all of the Bank shares have been sold, except a part of the shares in the State Bank. The Banks shares which have been disposed of, have never been sold below par; whenever they would not command that price, their dividends have been received in preference to selling.

The Sinking Fund system adopted by the General Government for the redemption of its stock, had very considerably reduced the value of that stock, before the establishment of this Bank; and the amount paid quarterly into the Treasury, on account of this stock, was calculated to deceive those unacquainted with this system. Eight per cent. was paid in quarterly payments; in the first instance, this amount being two per cent. more than the interest, reduced the principal two per cent.; and the same amount being paid annually, viz., eight per cent. on the original principal, in inverse proportion, as the amount of interest due, at each successive payment, became less, the amount of principal reduced became larger. Had not this Bank been established, all of the United States stock, except a part of the *deferred* stock, would have been redeemed before this period; and the principal being paid in small amounts, with the interest, the whole would, in all probability, have been swept away in the annual current ex-

penses of the State. But the State now has, in the cash capital of the Bank the aggregate amount of all the quarterly payments on the United States stock, from the year 1812, to its final redemption.

The balance due from the General Government on this six per cent. deferred stock, was finally redeemed in the last year, although that stock would not have been redeemable by the operation of the above mentioned system, for something more than two years. But as the amount of principal would be at least as productive in Bank capital as in stock, it was thought advisable to permit its redemption.

The capital of the Bank has been annually, more or less, increased by unappropriated balances in the Treasury; and particularly by a large balance in the year 1815, occasioned by a repeal of the direct tax by Congress, after the Legislature had made provisions for its payment. From all these sources, the present money capital of the Bank is tenfold what it was during the first year of its operation; and is now greater by more than one half than it was at the same period, even viewing the stock then unsold as capital. In addition to this large accession of capital, the Bank has redeemed stock due by the State, to the amount of two hundred thousand dollars, and has paid into the Treasury of the State, as dividend or profit, something more than half a million of dollars.

The notes of the Bank now in circulation, are less than its capital; and if the notes discounted on good securities be added to that capital, the whole amount will be nearly threefold of its notes in circulation. In consequence of the system of policy pursued by the Bank of the United States, towards the local institutions, and of the great demand for specie, for the East India trade, it was found necessary to purchase a considerable quantity of specie for this Bank. The average price paid was something more than the half of one per cent., less than three fourths of one per cent.; which, when the purchases were made, was the lowest market price of that article. To show the necessity of these purchases, it may be proper to state that this Bank has paid to the Branch of the United States Bank in Charleston, within eighteen months, more than seven hundred thousand dollars, besides a considerable quantity to individual applicants. Another consequence of the course of conduct pursued by the United States Bank, has been that the Bank of the State, in common with the other local institutions, found it necessary to call in a part of its debts. Four hundred thousand dollars have been called in, within eighteen months, without creating any considerable pressure or embarrassment among its customers.

The whole of the losses sustained by bad debts, since the Bank went into operation, amount to twenty-two thousand dollars; and this loss will, in all probability, be exceeded by the gain arising from the issue of change bills during the war. The losses by bad debts, however, have been deducted from the profits of the Bank in each year, before such profits were passed to the credit of the State.

The discounted notes which this Bank has in suit, amount to fifty-five thousand dollars. The whole sum is sufficiently secured by good real and personal security, except about five hundred dollars. Most of these notes have been put in suit in consequence of the death of drawers or endorsers, whose executors or administrators have not been legally authorized to renew or pay them up, at the periods required by banking rules.

Since the establishment of this Bank, one debt, contracted by a director, has been lost; another will probably be lost. The loss of the first occurred

four years ago; the other more recently. Neither of the persons have been since directors. No debt of magnitude has been contracted by any director in this Bank, for the last eighteen months.

Not having access to the books of the Bank, or to its vaults, but relying on the accuracy of the above statements with entire confidence, this Committee are fully satisfied that the funds of this Bank have been as wisely and faithfully managed as those of any other banking institution. Indeed, when they take into view the smallness of the losses sustained, the great profits which have accrued, and the present situation of this Bank; and when they consider the great embarrassments through which this, in common with other local institutions, has had to struggle, in consequence of the general and sudden failure of a vast number of persons engaged in agricultural enterprise, or commercial speculation, who were deeply involved in the Banks; and in consequence, moreover, of the policy pursued by the Bank of the United States, this Committee find cause rather for rejoicing than dissatisfaction. And they cannot dismiss the subject without expressing their sense of the gratitude due from the State to the enlightened head of that institution, as well as to the other gentlemen of its direction, for the able, disinterested, and faithful discharge of the important trust committed to them.

December 11, 1820.

WM. A. BULL, *Chairman.*

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(1821.)

#### FROM THE COMMITTEE OF THE SENATE, APPOINTED IN 1820.

On the 15th day of December, 1820, a Resolution was passed by both Branches of the Legislature of South Carolina, in the words following:

*"Resolved, That a Joint Committee of three persons from each house, be appointed to obtain, during the recess of the Legislature, a general statement of the transactions of the Bank of South Carolina, signed by the President and countersigned by the Cashier; the duty of which Committee it shall further be, to inspect the general accounts in the books of the Bank, and report whether there has been any, and what, violation of the fundamental articles of the said Bank, its condition, the goodness of its debts, and their opinion of the mode of its administration, whether beneficial or otherwise."*

The Committee on the part of the Senate beg leave now to report: That in obedience to the will of the Legislature, expressed in the above Resolution, they met at the banking house of the mother Bank, in the city of Charleston, on the 14th day of February last, and commenced and continued their investigations, which they closed on the 23d day of the same month, and adjourned to meet at Georgetown on the 25th day of April following, which they did accordingly, and closed their examination of the books and accounts of that Branch, on the 27th of that month. The Committee were not able to meet at Columbia until the 26th day of November last, and have performed the duty assigned to them, by a careful examination of the management of that Branch of the Bank of the State of South Carolina; the result of which scrutinies, your Committee beg leave herewith to submit, in documents and statements, marked with the letters from

A to H. The paper marked A, contains a compendious history of the operations of the Bank, since its establishment, and its influence on the fiscal concerns of the State. B contains a statement of the Bank of the State of South Carolina, for February 1821. C covers the contingent accounts, and an account of the profits passed to the credit of the Treasury. D is an exhibit of the amount of specie purchased, and the premium paid for the same. E is the profit and loss account, and shows what debts are considered as loss to the Bank. F contains a monthly statement of the amount of discounts and loans of the Bank and its Branches, from 1813, to February, 1821. G exhibits the specie on hand, from September 1813, to February, 1821, inclusive. H. exhibits the issues of the Bank, in its own notes. Together with the papers above enumerated, the Committee beg leave to submit general statements of the accounts of the Branches of Georgetown and Columbia, marked I and K. These statements, it is hoped, accomplish the hopes which the Legislature had in raising the Committee, and it is presumed will give entire satisfaction. In comparing the returns made by the Branches of Georgetown and Columbia, to the mother Bank, and entered in its books, with the accounts kept at the Branches, they were found to correspond. Your Committee have been minute in pursuing their investigations, and have traced the transactions of each branch of business through all its ramifications, and have invariably found them correspondent. In examining the individual accounts in the books, they resorted to the best information which they could obtain from consulting persons of credit and integrity, and the exercise of their own judgments, where the parties were known to them, and they confidently believe, that in Charleston the debts due to the Bank are well secured; and from an examination of persons most likely to give correct information on the subject, there is not a bad debt due to the Bank of Georgetown, and but one of a small amount at Columbia. On consulting with the officers of the institution, and well informed citizens, it was thought that a considerable increase of capital could be profitably and safely employed.

The withdrawing of the surplus of the treasury from the funds of the Bank, by an Act passed in 1818, accounts for the capital of the Bank being stationary from that period. The profits of the Bank have been considerably reduced in the last two years, in consequence of the pressure of the United States Bank and the local Banks, which rendered it prudent and necessary for the Directors to curtail their business, withdraw much of their paper from circulation, and to purchase specie. For the last year the dividend is 7 22 per cent.; much less than it has hitherto been, and is to be ascribed to the causes above mentioned and to additional expenses incurred by engraving and striking change bills, by order of the Legislature at its last session, and advances made to the State, which were not refunded till the most active season of business had passed.

The Bank has occasionally made large advances for the State, on which no interest is charged, and it was through it the State was enabled to pay the general government its quota of direct taxes, during the late war, on which, in consequence of payment in advance, a discount of 15 per cent. was allowed, amounting, on the different assessments, to \$91,143 28 cents, and which was so much saved to the State by this institution.

In pursuing their investigations the Committee met with every facility from the attention of the officers and directors of the institution, both in exhibiting the books and accounts of the Bank, and personally answering all interrogatories. The Committee cannot dismiss this subject without

expressing their entire approbation of the manner in which the business of the Bank has been conducted. From a minute and strict examination, they are enabled confidently to state, that there has been no violation of the charter—that its condition is highly prosperous—and its administration has been able, faithful and judicious—highly creditable to the President, Directors and Officers, and perfectly satisfactory to your Committee—and it is well calculated to excite in our citizens a lively interest in the welfare of the institution. The advantages derived from it, in the opinion of your Committee, are numerous, unequivocal and important, sufficiently so to induce the Legislature to extend to it, from time to time, all the aid it may need, as well to preserve its credit, as to extend its usefulness.

JACOB BOND F'ON,

*Chairman of the Committee on the Bank.*

## EXHIBITS.

### A.

The Committee of the Legislature having required “a detailed statement of the progressive increase of the capital of the Bank of the State of South Carolina since its establishment, stating the sources from which this increase has arisen, with the actual annual receipts of interest, and the annual expenditures specifically designated,” the following view of the annual transactions of this institution is respectfully submitted:

It will be sufficient briefly to premise that the first section of the Act incorporating this Bank, vested in it certain funds belonging to the State, which, consisting of specialities of various descriptions, were to form its capital, whenever, either by sale or by payments, those funds should be converted into money. And as, for many years, large sums of money had remained unemployed in the Treasury of the State, it was also ordered by another provision of the charter, that all sums which should be found in the Treasury on the 1st day of April in each year, the day on which the payment of the taxes of the current year usually commences, should be transferred to the Bank, and become a part of its capital.

The charter of the Bank was ratified in December, 1812, and in the ensuing August, the Bank commenced its operations. Some time was necessarily consumed in procuring a house for the institution, and preparing books, bills, &c. and this delay was unavoidably increased by the war which existed at that time, and which obliged us to transport by land everything which we were compelled to procure from the Northern States.

By the 1st October, 1813, when the Bank may be considered as fairly in operation, we had realized of the capital vested in the Bank, the sum of.....

\$102,546 76

This amount was derived from the following sources:

The sale of 800 shares of Planters' and Mechanics' Bank stock.....\$19,341 77  
The sale of 498 shares of State Bank stock.. 53,004 99



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A sum drawn from the Treasury at the first organization of the Bank, considered as a part of the principal of the United States stock paid in during the year 1813.....	30,000 00
To which has been added inadvertently, a small sum received for articles used in transporting our materials from Philadelphia, and afterwards sold.....	200 00
	<hr/> 102,546 76

By the 1st October, 1814, the following additions had been made to our capital :

By the sale of 873 shares of State Bank stock.....	90,556 58
By cash received as part of the principal of United States stock, due this State.....	\$56,893 95
Do. From Loan Office bonds.....	4,217 14
Do. from Confiscated Estates.....	1,465 11
Do. from property sold as in the preceding year.....	220 00
	<hr/> 153,353 38

1st October, 1814..... 255 900 14

In the thirteen and a half months, during which the Bank was doing business previous to the 1st October, 1814, the gross amount of the profits of this institution was \$44,753 01. The expenses during that period, including all of the outfits, not only of the parent Bank, but of the Branch at Columbia, comprising stationery, bank furniture, (as desks, counters, scales and weights, iron chests, &c.) and the plates and paper for bills, which are generally in use to the present time, and the salaries of officers, amounted to \$41,427 80—leaving a nett profit of \$3,325 21.

If, as is fair, we take a medium or average between the amount of capital with which we began and concluded the business of each year, the average amount of capital for this year will have been \$179,223 46, and the gross amount of profit equal to 24 97—100 per cent. The nett profits, however, only to 1 85—100 per cent.

It is customary in private Banks that the extraordinary expenses of their out-fit should be divided and deducted from the profit of several successive years. But as it was really of no importance to this institution or to the State, as no stock was in the market, whether a great dividend was made the first year, it was deemed advisable by the directors to pay off all of those contingent expenses at once, and leave no charge from this source, on the proceeds of the succeeding years, and in the same spirit they have continued ever since to defray the expenses and losses of each year out of its actual profit,

Amount of capital, 1st October, 1814.....\$255,900 14

By the 1st October, 1815, the following additions had been made to our capital :

By cash received as part of the principal of the United States stock.....	\$72,835 07
Do. from Loan Office bonds.....	6,034 08
Do. from old Duty Bonds.....	4,037 85
	<hr/> 82,907 00

1st October, 1815.....\$338,807 14

# REPORTS OF INVESTIGATING COMMITTEES. 99

In this year the gross amount of the profits of the Bank was \$66,660 94, and the expenses of the institution \$18,760 23—leaving a nett profit of \$48,900 71; and if, as before, we take the mean or average amount of capital for this year, it will amount to \$297,353 28, and the nett profits equal to 16 44—100 per cent.

Amount of capital, on the 1st October, 1815.....\$338,807 14

By the 1st October, 1816, the following additions had been made to our capital:

By cash received as part of the principal of the

United States stock.....74,777 52

Do. from Loan Office bonds.....6,817 28

Do. from the sale of 46 shares of State Bank stock.....5,920 20

Do. as surplus in the Treasury on the 1st April.....18,651 45

106,166 45

\$444,973 59

In this year, the gross amount of the profits of the Bank was \$92,386 33, and the expenses of the institution \$29,363 64—leaving a nett profit of \$63,022 69, equal, on an average amount of capital, (or \$391,890 39) to 16 08—100 per cent.

In this year, the issuing of bills under the denomination of one dollar, ordered by the Legislature, and the salary of the officer appointed to attend exclusively to the issuing of those bills, increased our expenses nearly \$6,000, and many of the contingent expenses were necessarily increased by the gradual extension of our business.

In this year also, it may be noticed, we received for the first time, some funds from the surplus remaining in the Treasury on the 1st April. Experience has proved, and will confirm the observation, that whenever the State shall be involved in war, or may be engaged in extensive improvements, no funds, as many have apprehended, will be diverted disadvantageously from her Treasury by the operation of this provision of our charter. On the 1st April, 1814, instead of a surplus in the Treasury, the Bank was actually in advance to the State to the amount of \$78,855 47, and on the 1st April, 1815, was again in advance to the amount of \$55,224 76—while, during peace, money that would otherwise have remained unemployed in the Treasury, became a productive fund.

Amount of capital, on the 1st October, 1816.....\$444,973 62

By the 1st October, 1817, the following additions were made to our capital:

By cash received as part of the principal of the

United States stock.....\$79,802 37

Do. from Loan Office Bonds.....6,932 68

Do. from surplus in the Treasury.....25,678 61

Do. from the sale of 417 shares of State Bank stock.....45,815 00

By the amount of 1,165 shares of State Bank stock, transferred to the Cashier at par value as part of the capital of the Bank.....116,600 00

By profit on 156 shares afterwards sold.....3,076 80

277,905 46

1st October, 1817.....\$722,879 05

## 00 REPORTS OF INVESTIGATING COMMITTEES.

For this year, the gross amount of the profits of the Bank amounted to \$108,556 67, and the expenses to \$32,048 66—leaving a nett profit of \$76,507 91, which, on the medium capital, (583,926 35) is equal to 13 16—100 per cent.

In this year, the directors purchased the house which is now used in Charleston for the Bank. The expenses of preparing the building for the purpose of a Bank, were all charged to the Contingent Account, including vault, cistern, &c. Of these expenses, about \$6,000 fell in the accounts of this year; the balance was paid in the next; a large amount of specie was also purchased in this year, and increased the amount of our contingent expenses.

Of the 1,166 shares of State Bank stock, transferred in the course of this year to the Cashier, it may be necessary to give some brief explanation. These shares were the unsold remainder of the three thousand shares originally held by the State, and vested in the Bank. As it is customary for Banks of moderately large capital to convert a portion of that capital into stock, bearing interest, in preference to the accumulation of a larger amount of unproductive specie in their vaults, it might have been advantageous to this institution to have transferred their stock at an earlier period to the Cashier, and to have considered it as a portion of our capital in stock, to be converted into money as opportunity or the circumstances of the Bank should render expedient. It had, however, hitherto remained unchanged, but as the business of the institution was now rapidly increasing, it was deemed advisable to enlarge its capital by the transfer. As the directors had determined never to sell this stock under its nominal value, no inconvenience could arise; whenever sold at par, the money received would just replace the stock; when any portion should be sold above par, the profits of such sale could be added to the capital. This actually occurred in the course of this year with 156 shares, sold at an average profit of \$19 72—100 per share.

Amount of capital 1st October, 1817-----	\$722,879 05
By the 1st October, 1818, the following additions were made to our capital:	
By cash received as part of the principal of the United States stock-----	\$69,681 72
Do. from Loan Office Bonds-----	30,447 49
Do. as profit on 93 shares of State Bank Stock-----	1,920 00
Do. as surplus in the Treasury on the 1st April-----	227,937 81
	<hr/>
	329,987 02
1st October, 1818-----	\$1,052,766 07

In this year the gross amount of the profits of the Bank was \$147,532; the expenses \$36,793 93, and \$4,900 carried to the account of profit and loss for bad debts—leaving a nett profit of \$105,838 07, which, on the average capital of \$887,872 59, is equal to 11 92—100 per cent.

The expenses of this year included the balance of the charge for fitting up our banking house, and building our vault, so that the capital of the Bank is only charged with the first cost of the building, viz: \$18,000—all of the repairs and alterations having uniformly been provided for out of the profits of the year.

# REPORTS OF INVESTIGATING COMMITTEES. 101

The large surplus derived from the Treasury this year was in consequence of arrangements having been made by the State to meet the direct tax of the United States—presuming that it would be continued for the year 1817—Congress, however, repealed this tax, but not until the taxes in this State had been imposed, and in fact partially collected. This sum, therefore, remained in the Treasury until the 1st April, 1818, when it was transferred to the Bank.

Amount of capital 1st October, 1818.....	\$1,052,866 10
By the 1st October, 1819, the following additions were made to our capital:	
By cash received for the balance due on the United States stock.....	\$193,259 50
Do. from Loan Office Bonds.....	4,699 31
Do. from surplus in the Treasury.....	121,425 69
	<hr/>
	319,384 50

\$1,372,250 60

From this sum, deduct the amount of six per cent. and deferred stock of the State, redeemed in the course of this year, in pursuance of the provisions of our charter. 176,029 95

1st October, 1819.....\$1,196,229 65

For this year the gross amount of the profits of the Bank amounted to \$155,883 42; the expenses to \$29,499 47; and a further sum of \$18,790 was carried to the account of profit and loss, for bad debts—leaving a nett profit of \$107,593 95; which, on the medium capital of \$1,124,543 37, is equal to 9 56–100 per cent.

On the transactions of this year, it is unnecessary to make many remarks. The surplus in the Treasury was large from the prosperous condition of the country—even the dividends of the Bank contributed to the gradual increase of the surplus fund.

Among the provisions of our charter was a stipulation, that out of the funds given to the Bank, all the outstanding debt of the State should be redeemed on or before the close of the year 1823. That is to say, all the six per cent. and deferred stock should be redeemed at par, and the three per cent. stock, if it could be redeemed or purchased at 55 per cent. In the beginning of this year, the situation of the Bank appeared so prosperous, that it was considered prudent to act on this subject, and not postpone the redemption of this debt, lest unexpected embarrassments might render that difficult, which was now easy and practicable, and entirely within the reach of the funds of the institution. The six per cent. and deferred stock of the State was accordingly redeemed; and all of the three per cent. which has been offered to us at any time at 55 per cent., has been purchased.

From the 1st October, 1819, to the 1st October, 1820, no addition was made to the amount of our capital. The gross amount of our profits for this year was \$133,455 86, and the expenses of the institution, which the establishment of a Branch at Georgetown now contributed to increase, amounted to \$33,168 49; leaving a nett profit of \$100,287 37, which, on a capital of \$1,196,229 65, was equal to 8 37–100 per cent.

Such is the view I am able to offer the Joint Committee of the Legislature, of the transactions and operations of the Bank of the State of South Carolina, and which I trust the documents they have to examine will sup-

## 102 REPORTS OF INVESTIGATING COMMITTEES.

port and confirm. The Exhibit, accompanying this statement, will show the increase in the funds of the State since the establishment of this Bank, and the increase of revenue from its operations.

STEPHEN ELLIOTT, *President.*

13th February, 1821.

NOVEMBER 4th, 1821.

The opportunity which has been afforded to me at this time of reviewing this statement, enables me to add, as a supplement, the transactions of another year.

From the 1st October, 1820, to the 1st October, 1821, no addition has been made to the amount of our capital.

The gross amount of our profits, for this year, was \$126,461 20; the expenses of the institution amounted to \$30,013 82, and \$9,922 has been carried to the profit and loss account, to cover the losses of the year; the nett profit has amounted to \$86,525 38, which, on a capital of \$1,196,220 62, is equal to 7 23-100 per cent.

The expenses of the last year have, in some degree, been increased by the charges for engraving and striking off the change bills ordered by the Legislature at their last session.

The gradual diminution of the profits of the institution, has arisen from the necessity of curtailing the business which we formerly transacted. Although the pressure on the local Banks commenced in 1819, the retrenchment of our business, and the withdrawing of our paper from circulation, was of necessity gradual, and it was only in the course of the last fiscal year that we had reduced our business and our paper, as much as we deemed sufficient to guard the institution against any pressure or contingency whatever. Another cause, however, which operated during the last year to diminish the dividend, was the great advances the Bank was obliged to make to meet the expenditures of the State.

This advance, which, on the 1st of October, 1820, was \$127,379 71, arose by the 1st February to \$424,687 73, and although the sales of stock on the 6th and 28th February not only refunded this amount, but placed a large balance in favor of the State, yet the season of business had in a great measure passed away, and the balance in favor of the Treasury we were obliged to hold as a deposit, rapidly to be consumed by the engagements of the State.

Our dividend, however, notwithstanding these impediments, has been at least equal to that given during the last year by any similar institution in the Southern States.

STEPHEN ELLIOTT, *President.*

FUNDS OF THE STATE OF SOUTH CAROLINA, ACCORDING TO THE EXHIBITS OF THE COMPTROLLER GENERAL, ON THE 1ST OCTOBER, 1812.

Balance of Six per cent. stock of the United States this day, including purchases made by former Treasurers. ....	\$327,177 32
Balance of deferred do. do. including purchases made by former Treasurers. ....	266,118 76

Three per cent. stocks purchased by former Treasurers, worth 65 per cent., equal to.....	1,318 85
Bonds and notes, about.....	16,000 00
Balance due on Paper Medium Bonds.....	114,514 40
Balance due by D. D'Oyley and sureties.....	5,698 03
Do. do. on the late General Moultrie's debt.....	731 14
3,000 shares in the State Bank, worth (at par.).....	300,000 00
800 do. in the Planters' and Mechanics' Bank, do.....	20,000 00
	<hr/>
	\$1,051,558 50

Amounting to one million and fifty-one thousand five hundred and fifty-eight dollars fifty cents.

From this amount, however, is to be deducted the outstanding debts of the State, to wit:

In six per cent. stock.....	\$153,571 54
In deferred stock.....	36,666 54
In three per cent.....	259,332 19
The balance which remained due when the claims and provision made for the debt of Strickhausen & Luxemburgh were finally adjusted, and which have always been estimated in our Treasury reports at 55 per cent., equal to.....	142,632 70
	<hr/>
	332,870 78

Real amount of capital, on the 1st October, 1812.....	718,687 72
Amount of the capital of the Bank this day, Feb., 1821.....	1,196,220 62
To which the following items are to be added:	
A portion of the Paper Medium Bonds not yet paid, amounting to.....	55,366 42
And a balance still due on the miscellaneous bonds, of.....	12,134 26
	<hr/>
	\$1,263,721 30

From which, however, the following items are to be deducted:

Balance of 6 per cent. and deferred stock not yet redeemed, the owner of the stock not having applied for payment.....	14,209 13
Three per cent. stock outstanding and still to be redeemed, \$259,332 19, at 55 per cent.....	142,632 70
	<hr/>
	156,841 83
Present funds of the State.....	1,106,879 47
Deduct the amount on the 1st October, 1812.....	718,687 72
	<hr/>
	\$388,191 75

The balance is the actual increase of the funds of the State since that period.

The Bank of the State of South Carolina, since the commencement of its operations, has paid into the Treasury of the State the following dividends:

On the 1st October, 1814.....	\$3,325 21
1st October, 1815.....	48,900 71

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1st October, 1816.....	63,022 69
1st October, 1817.....	76,507 91
1st October, 1818.....	105,838 07
1st October, 1819.....	107,593 95
1st October, 1820.....	100,287 37
<hr/>	
Total amount of profits.....	\$505,475 91

In determining, however, the profits which the State has derived from this institution, it will be necessary in the first place to ascertain the sources of revenue, of which the State, by its establishment, has been deprived, and then deducting the amount which these sources of revenue would have yielded to the State, from the sum actually produced by the Bank, the balance will exhibit the real benefit which the revenue of the State had derived from this institution.

In the first place, then, it will be necessary to state, that all of the sums which were paid as interest on the stock of the United States, until its final redemption, were carried at once to the credit of the Treasury of the State, and were never included in the dividends of the Bank.

In the second place, that the interest of the Loan Office (or Paper Medium) bonds, and on all other bonds held by the State, was paid whenever received in the same manner into the Treasury of the State, without making any addition to the dividends of the Bank. The income of the State, therefore, from these sources has never been diminished.

The State gave to the Bank 800 share in the Planters' and Mechanics' Bank. These have been sold, and the State has lost on them the following dividends:

Per Share.		
Jan. 1, 1814.....	87½	\$700
July.....	87½	700
Jan. 1815,.....	87½	700
July.....	100	800
Jan. 1816,.....	100	800
July.....	100	800
Jan. 1817,.....	100	800
July.....	100	800
Jan. 1818,.....	100	800
July.....	125	1,000
Jan. 1819,.....	125	1,000
July.....	87½	700
Jan. 1, 1820.....	75	600
July 1,.....	75	600

Loss on Planters' and Mechanics' stock....\$10,800

The State also gave to the Bank 3,000 shares it held in the State Bank. These have been sold or transferred to the Bank of the State, and the following dividends or portions of dividends have been lost to the State.

# REPORTS OF INVESTIGATING COMMITTEES. 105

		Dividend per share.	Paid into the Treasury. each year.	Loss each year.
1813	Jan.	\$4	\$12,000	
	July	3 50	10,500	
			<hr/> 22,500	
				22,500
1814	Jan.	3	9,000	
	July	3	9,000	
			<hr/> 18,000	
				11,511
1815	Jan.	3 50	10,500	6,489
	July	4	12,000	
			<hr/> 22,500	
				12,217 50
1816	Jan.	4	12,000	9,782 50
	July	4 50	13,500	
			<hr/> 25,500	
				13,455 50
1817	Jan.	4	12,000	12,044 50
	July	4 50	13,500	
			<hr/> 25,500	
				6,132
1818	Jan.	4	12,000	19,368
	July	4 50	13,500	
			<hr/> 25,500	
				25,500
1819	Jan.	3 50	10,500	
	July	3	9,000	
			<hr/> 19,500	
				19,500
1820	Jan.	2 50	7,500	
	July	3	9,000	
			<hr/> 15,600	
				16,500
				<hr/>
		Loss on State Bank stock.....		\$109,183
		Do. on Planters' and Mechanics' stock.....		10,800
				<hr/>
				119,983
		If from the profits of the Bank, amounting to.....		505,475 91
		we deduct the amount of dividends lost on Bank stock....		119,984
				<hr/>
		The balance, amounting to.....		385,491 91
		will be the gain to the State on account of interest.		
		Add increase of capital.....		388,191 75
		The result will give the total gain which the State has prob-		<hr/>
		ably derived from the establishment of this institution..		773,683 66



## 106    REPORTS OF INVESTIGATING COMMITTEES.

With regard to this document, however, I wish distinctly to state, that I mean not to intimate that no other mode might have been adopted, or that no other system would have been devised for the preservation and improvement of the funds of the State. I am authorized, however, to assert that no other plan was proposed when this was submitted to the Legislature for their consideration, or at any time previous to its adoption; and I have no hesitation in expressing my own conviction, that but for this institution, the funds of the State, from the gradual manner in which they were paid into the Treasury, would have been absorbed by the current expenditures of the State. Thus far they have not only been preserved, but increased, and the Legislature still has the option and the power of diverting them into other channels, or of preserving them in their present form, and enlarging them in any manner in which it may be deemed expedient.

STEPHEN ELLIOTT, *President*

*Bank of the State South Carolina.*

If the calculations of the preceding page were continued to the present time, the following addition would be made to the former result.

Dividend of the Bank on the 1st October, 1821-----	\$86,525 38
January 1, 1821, dividend on 800 shares of Planters' and Mechanics' Bank at 75 cts. per share----	600
July do do at 75 cts. per share----	600
Jan. do do on 3,000 shares of State Bank, at \$3 per share-----	9,000
July do do at \$3 per share-----	9,000
	<hr/> 19,200
	<hr/> 67,325 38
	<hr/> 773,683 66
Total amount on the 1st October, 1821-----	\$841,009 04

## REPORTS OF INVESTIGATING COMMITTEES. 107

Dr.		Cr.	
1821	1821.		
February 12.	Feb. 12.	By Bills and notes discounted, \$824,876 01	
		do do and in sust, 104,405 19	
1. To capital.....	\$1,196,220 65		929,281 20
2. Discount received	\$18,952 06		30,755
3. Interest received on stocks & notes	3,570 79		
4. B's notes issued	1,283,000 00		
5. Do under \$1	28,062 50		1,517,555 22
6. State Treasury.....		914 shares in State Bank.....	91,400
7. State Treasurer, for 6 per ct. loan.....		Real estate.....	28,273 47
8. Individual deposits.....		3 per cent State stock.....	22,233 47
		6 per cent do.....	876 83
		6 per cent. City Stock.....	1,010 67
		Contingent expense account.....	6,847 18
		Office of discount and deposit.....	197,000
		CASH:	
		Specie.....	329,422 29
		Notes of this Bank.....	103,458
		Planters' and Mechanics' B's 50,000	
		Notes of State Bank.....	23,000
		Notes of Office of Discount and Deposite.....	21,000
		Do of Union Bank.....	7,000
		Do Bank of South Carolina	3,000
			537,180 29
			<u>\$3,362,393 33</u>
			<u>\$3,362,393 33</u>

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

**STEPHEN ELLIOTT, President.**  
**A HENRY, Cashier.**

# 108      REPORTS OF INVESTIGATING COMMITTEES.

## *Annual Statement of the Bank of the State of South Carolina, and the Branch at Columbia.*

C.

Dr.

1814. Oct. 1,	To the incidental expenses in the City of Charleston, plates, paper, house-rent, &c.-----	\$36,931 33
	To incidental expenses at the Columbia Branch,-----	4,458 63
	To direct tax, United States,-----	37 84
	To balance to credit of State Treasury,-----	3,325 21
		<hr/>
		44,753 01

Cr.

1814. Oct. 1.	By discount on notes in Charleston, 29,791 09	
	Do. on bonds and mortgages, 7,676 20	
		<hr/>
		37,467 37
	By amount of discounts on notes, and interest on bonds and mortgages, at Columbia,----	7,285 64
		<hr/>
		44,753 01

CHARLESTON, S. C.

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

## *Annual Statement of the Bank of the State of South Carolina, and the Branch at Columbia.*

Dr.

1815. Oct. 1.	To incidental expenses in the City of Charleston,-----	\$14,728 24
	To do. do. at Columbia,-----	4,031 99
	To balance to credit of State Treasury,-----	48,900 71
		<hr/>
		67,660 94

Cr.

1815. Oct. 1.	By discount on notes,-----	40,563 89
	By interest on bonds,-----	3,305 93
		<hr/>
		43,869 82
	By interest account,-----	7,327 19
	By do. on Treasury notes,-----	48 84
		<hr/>
		7,376 03

### COLUMBIA BRANCH.

	By discount on notes,-----	9,148 08
	By interest on bonds,-----	7,267 01
		<hr/>
		16,415 09
		<hr/>
		67,660 94

CHARLESTON, S. C.

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

# REPORTS OF INVESTIGATING COMMITTEES. 109

## *Annual Statement of the Bank of the State of South Carolina, and the Branch at Columbia.*

Dr.

1816. Oct. 1. To incidental expenses in Charleston, &c.,-----	\$24,312 99	
Do. at Columbia,-----	5,050 65	
		29,363 64
Balance to credit of State Treasury,-----		63,022 69
		<hr/> 92,386 33

Cr.

1816. Oct. 1. By discount on notes,-----	40,563 89	
Interest on bonds,-----	3,640 73	
		59,593 10
Interest account,-----	7,850 08	
Profit and loss account, gain,-----	891 28	
		8,747 36
Discount account, interest thereon, and on bonds, &c., at Columbia,-----		24,045 87
		<hr/> 92,386 33

STEPHEN ELLIOTT, *President.*

CHARLESTON, S. C.

A. HENRY, *Cashier.*

## *Annual Statement of the Bank of the State of South Carolina, and its Branch at Columbia.*

Dr.

1817. Oct. 1. To incidental expenses in Charleston,-----	26,772 01	
To do. do. at Columbia,-----	5,276 75	
		32,048 75
To balance to credit of State Treasury,-----		76,507 92
		<hr/> 108,556 67

Cr.

1817. Oct. 1. By discount account in Charleston,-----	69,686 32	
By interest on bonds,-----	3,571 69	
By interest account,-----	10,230 15	
		83,488 16

### COLUMBIA.

By interest on discounted notes,-----	19,994 14	
By do. bonds,-----	5,074 37	
		25,068 51
		<hr/> 108,556 67

STEPHEN ELLIOTT, *President.*

CHARLESTON, S. C.

A. HENRY, *Cashier.*

# 110    REPORTS OF INVESTIGATING COMMITTEES.

## *Annual Statement of the Bank of the State of South Carolina, and its DR.        Branches in Columbia and Georgetown.*

1818. Oct. 1. To incidental expense account in		
Charleston,-----	\$25,389 06	
Profit and loss charged with-----	4,900	
		30,289 06
Columbia : Incidental expense account,-----		6,257 16
Georgetown : Incidental expense account,-----		5,147 71
Balance to credit of State Treasury,-----		105,838 07
		<hr/> 147,532 00
CR.		
1818. Oct. 1. By discount in Charleston,-----	83,143 30	
Interest on bonds,-----	3,012 21	
Interest account,-----	10,014 52	
		96,170 03
Columbia : Discount on notes,-----	42,218 18	
Interest on bonds,-----	4,139 04	
		46,357 22
Georgetown : Discounts and interest thereon,		5,004 75
		<hr/> 147,532 00
STEPHEN ELLIOTT, <i>President.</i>		
A. HENRY, <i>Cashier.</i>		
CHARLESTON, S. C.		

## *Annual Statement of the Bank of the State of South Carolina, and its DR.        Branches in Columbia and Georgetown.*

1819. Oct. 1. To incidental expense account in		
Charleston,-----	18,431 20	
To profit and loss account charged,-----	18,790	
		37,221 20
COLUMBIA : To incidental expense account,		5,817 71
GEORGETOWN : To incidental expense ac't.,		5,250 61
To balance to credit of State Treasury,-----		107,593 95
		<hr/> 155,883 47
CR.		
1819. Oct. 1 By discounts in Charleston,-----	69,654 68	
By interest on bonds,-----	2,558 26	
By interest account,-----	12,461 10	
		84,674 04
COLUMBIA : By discount account,-----	50,870	
By interest on bonds,-----	3,240 04	
		54,110 04
GEORGETOWN : By discount on notes, in-		
terest, &c.-----		17,099 34
		<hr/> 155,883 42
STEPHEN ELLIOTT, <i>President.</i>		
A. HENRY, <i>Cashier.</i>		
CHARLESTON, S. C.		

# REPORTS OF INVESTIGATING COMMITTEES. 111

## *Annual Statement of the Bank of the State of South Carolina, and its Branches at Georgetown and Columbia.*

Dr.

1820. Oct. 1.	To incidental expense account in Charleston,-----	22,261	33
	Incidental expense account in Columbia,-----	5,717	20
	Incidental expense account in Georgetown,-----	5,189	96
	Balance to credit of State Treasury,-----	100,287	37

133,455 86

Cr.

1820. Oct. 1.	By discounts in Charleston,-----	59,158	79
	Interest on bonds,-----	2,059	89
	Interest account on stock,-----	7,180	79
	Profit and loss, gain,-----	884	15
	Columbia Branch: Int. on disc'ts, 44,430 25		
	Interest on bonds, &c.-----	2,381	04
	Georgetown: Discount on notes, &c.-----		

61,218 68

8,064 94

46,811 29

17,360 95

133,455 86

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

CHARLESTON, S. C.

# 112    REPORTS OF INVESTIGATING COMMITTEES.

## D.

*Amount of Specie purchased, and of whom.*

1816. Oct. 24.	F. G. Delisseline,-----	823	At 3 per cent.	24 69
Nov. 6.	John Fraser,-----	1500	Do.	45
11.	Do. -----	4977	At 2 per cent.	124 42
Dec. 23.	John D. Brown,-----	1220	Do.	24 40
27.	John Fraser,-----	14992	Do.	299 84
1817. Jan. 4.	Do. -----	2000	Do.	40
7.	Daniel C. Webb,-----	2500	Do.	50
10.	Benjamin Strobel,-----	37300	Do.	746
	John Schultz,-----	341	Do.	6 82
18.	Daniel C. Webb,-----	1000	Do.	20
24.	John Ross,-----	499 40	Do.	9 98
31.	John Fraser,-----	19249 13	Do.	384 98
Feb. 5.	John Ross,-----	7734	Do.	154 68
1819. Feb. 20.	Howland & Co.,-----	39640	At 2½ per cent.	993 50
Oct. 27.	John Schultz,-----	10766	At 2 per cent.	215 32
Nov. 8.	John Fraser & Co.,---	1250	Do.	25 j
24.	W. Buchanan & Co.,--	4622	At 1 per cent.	46 22
1820. Feb. 15.	James Calder,-----	50000	Do.	500
March 6.	Do. -----	43354	Do.	433 54
8.	A. Milne & Co.,-----	61000	Do.	610
10.	Do. -----	12210	Do.	122 10
April 25.	James Calder,-----	49875 15	At ½ per cent.	249 37
May 15.	Do. -----	62747	Do.	313 73
17.	A. Milne & Co.,-----	83503	Do.	417 50
1821. Jan. 5.	W. Stuart,-----	18809 25	Do.	94 04
6.	James Calder,-----	94000	Do.	470
8.	J. & W. Longsdon,---	9591	Do.	47 95
25.	Charles Bruce,-----	7954	Do.	39 77
1820. Dec. 23.	A. Milne & Co.,-----	37967	Do.	189 83
		681523 93		6698 68
Average of 1 per cent.-----		6815 23		
		6698 68		

Less than 1 per cent.----- 116 55

STEPHEN ELLIOTT, *President.*

CHARLESTON, Feb. 12, 1821.

A. HENRY, *Cashier.*

## E.

*Profit and Loss.*

1st October, 1818,-----	\$4,900
Do. 1819,-----	13,890
Deduct receipts,-----	944 15
	12,945 85

STEPHEN ELLIOTT, *President.*

CHARLESTON, 12th Feb. 1821.

A. HENRY, *Cashier.*

**F.—Monthly Statement of amount of Discounts and Loans of the Bank of the State of South Carolina, and Branches, from September, 1813 to 12th February, 1821.**

	CHARLESTON.		COLUMBIA.		GEORGETOWN.		TOTAL.
	Notes.	Bonds.	Notes.	Bonds.	Notes.		
1813 September,-----	124823	2412500					137823 24
October,-----	161378	417261 57					186639 61
November,-----	247174	6122361 57					299536 18
December,-----	322180	9233321 57					355502 49
1814 January,-----	354355	5738536 57					392892 14
February,-----	359923	9441136 57					401060 51
March,-----	366951	3622560 39					389511 75
April,-----	414557	6527990 39					442548 4
May,-----	412242	5729620 39					441862 96
June,-----	467507	9633620 39					501128 35
July,-----	470230	3034970 39					505200 69
August,-----	487430	5536570 39					523990 94
September,-----	510024	6140970 39					550995
October,-----	529906	6441970 39					571877 3
November,-----	541691	6645270 39					586962 5
December,-----	585767	9246270 39					851152 88
1815 January,-----	594198	9348240 39					642439 32
February,-----	595472	4048100 39					643572 79
March,-----	607995	546711 84					654706 89
April,-----	658116	6146711 84					703225 45
May,-----	648571	9745108 84					689680 81
June,-----	667203	545108 84					713811 89
July,-----	757781	2546608 84					1075690 88
August,-----	732113	8447608 84					1066652 51
September,-----	725913	1147608 84					1081776 98
			125645 57	93469			
					165695 69	105695 10	
					180808 77	107121 10	
					202133 93	106121 10	



## F.—Continued.

	CHARLESTON.			COLUMBIA.			GEORGETOWN.	
	Notes.	Bonds.		Notes.	Bonds.		Notes.	Total.
October,-----	734213	40 47608	84	247871	18 106121	10		1135814 52
November,-----	747023	77 49608	84	263960	103948	20		1164540 81
December,-----	797238	27 50558	84	273409	35 103398	20		1224604 66
1816 January,-----	824862	31 50558	84	258579	8 103193	20		1237193 42
February,-----	815423	3 50128	84	246821	90 99082	64		1211456 41
March,-----	891876	2 46544	89	282726	1 90632	10		1311879 2
April,-----	916630	35 43153	89	288241	91 89632	10		1337658 25
May,-----	912799	92 46486	89	299616	17 89632	10		1348574 8
June,-----	888117	35 46986	89	284400	89 89002	10		1308507 31
July,-----	904378	99 47653	89	337258	9 89002	10		1371293 7
August,-----	923772	28 46553	89	330355	76 89002	10		1389684 3
September,-----	941115	4 46553	89	321951	27 89002	10		1398662 30
October,-----	950920	88 46553	89	316649	47 89002	10		1404126 34
November,-----	960086	87 46553	89	309952	39 88737	78		1405333 93
December,-----	1014129	72 48535	64	290306	17 88686	78		1441658 31
1817 January,-----	1053304	7 48535	64	266902	49 88311	78		1457053 98
February,-----	1107604	57 53102	64	273010	94 83688	34		1517406 49
March,-----	1115227	17 50462	64	258675	11 75798	84		1500163 76
April,-----	1128551	71 52515	55	261916	63 75798	84		1518782 73
May,-----	1147803	65 51710	55	287564	80 75798	84		1562377 84
June,-----	1120054	95 62710	55	344872	45 75798	84		1593436 79
July,-----	1135959	14 53710	51	417366	96 75798	84		1682836 49
August,-----	1108242	66 53710	55	462197	17 75798	84		1699949 21
September,-----	1132223	11 53710	55	475492	19 75798	84		1738224 69
October,-----	1137115	34 53710	55		75798	84		
November,-----	1165275	41 55310	55	466421	18 75423	84		1762430 98
December,-----	1193059	26 55310	55	463560	84 75133	84		1787064 49
1818 January,-----	1214113	88 55310	55	452590	74 33619	34		1795534 51
February,-----	1267691	29 55310	55	579163	76 70571	98		1972737 58

March,-----	1293787	87	51270	55633911	86	62498	57	29513	68	2070902	55
April,-----	1347807	85	42079	70694463	39	62489	58	63858	55	2210708	17
May,-----	1307294	79	42079	70783243	56	61974	23	86989	75	2281522	3
June,-----	1290721	41	43945	70829490	69	61074	23	131356	83	237477	86
July,-----	1342755	26	44845	70863443	17	61774	23	136299	59	2449287	95
August,-----	1351216	46	44315	70876886	46	61974	23	152466	64	2487859	49
September,-----	1333598	30	45915	70899613	38	61974	23	178830	30	2519931	91
October,-----	1348318	41	46915	70894668	37	61974	23	187171	64	2539058	35
November,-----	1361199	17	47315	70860019	10	61864	23	256234	46	2612832	86
December,-----	1353015	39	47315	70865876	98	60344	23	269067	7	2595619	37
1819 January,-----	1352203	45	47315	70849052		60278	23	274211	18	2533060	56
February,-----	1340120	54	47195	70842992		57345	9	281634	62	2529387	95
March,-----	1313713	76	45692	70829601	75	49260	39	303807	77	2542077	37
April,-----	1265632	28	38942	85835189	67	49260	39	290055	44	2479080	63
May,-----	1273008	22	48942	85842224	95	49260	39	310054	84	2513541	25
June,-----	1270190	65	38992	85823128	62	49260	39	291753	81	2474326	32
July,-----	1265006	68	39992	85813374	43	49260	39	283055	40	2450689	75
August,-----	1209413	89	39992	85807072	95	49260	39	280028	92	2385763	
September,-----	1194926	55	39992	85796092	18	49260	39	282461	6	2362738	3
October,-----	1157496	54	39992	85775733	67	49140	39	277421	10	2300784	55
November,-----	1139402	90	39992	85766299	67	49140	39	276518	60	2271355	41
December,-----	1127853	57	39992	85745797		49084	39	270992	10	2233719	91
1820 January,-----	1104805	70	39992	85756321		47853	39	267353	3	2214826	97
February,-----	1099460	13	39992	85722610		45605	39	251798	28	2159016	65
March,-----	1058339	67	39542	85708068		38649	39	252400	96	2005285	87
April,-----	1051740	87	34200	698385	69	37531	15	273410	87	2095269	58
May,-----	1041277	39	35800	694186	69	37531	15	294460	77	2102756	
June,-----	1056612	19	32520	690707	20	37531	15	302851	9	2119821	63
July,-----	1048127	87	32360	685472	18	37531	15	303362	40	2106853	60
August,-----	1013980	17	32255	679664	18	37531	15	301743	31	2066173	81
September,-----	982965	57	32255	677195	20	37531	15	301029	71	2040976	63

## F.—Continued.

	CHARLESTON.		COLUMBIA.		GEORGETOWN.	
	Notes.	Bonds.	Notes.	Bonds.	Notes.	TOTAL.
October,-----	734213	40 47608 84	247871	18 106121 10		1135814 52
November,-----	747023	77 49608 84	263960	103948 20		1164540 81
December,-----	797238	27 50558 84	273409	35 103398 20		12224604 66
1816 January,-----	824862	31 50558 84	258579	8 103193 20		1237193 42
February,-----	815423	3 50128 84	246821	90 99082 64		1211456 41
March,-----	891876	2 46544 89	282726	1 90632 10		1311879 2
April,-----	916630	35 43153 89	288241	91 89632 10		1337658 25
May,-----	912799	92 46486 89	299616	17 89632 10		1348574 8
June,-----	888117	35 46986 89	284400	89 89002 10		1308507 31
July,-----	904378	99 47653 89	337258	9 89002 10		1371293 7
August,-----	923772	28 46553 89	330355	75 89002 10		1389684 3
September,-----	941115	4 46553 89	321951	27 89002 10		1398662 30
October,-----	950920	88 46553 89	316649	47 89002 10		1404126 34
November,-----	960086	87 46553 89	309952	39 88737 78		1405333 93
December,-----	1014129	72 48535 64	290306	17 88686 78		1441658 31
1817 January,-----	1053304	7 48535 64	266902	49 88311 78		1457053 98
February,-----	1107604	57 53102 64	273010	94 83688 34		1517406 49
March,-----	1115227	17 50462 64	258675	11 75798 84		1500163 76
April,-----	1128551	71 52515 55	261916	63 75798 84		1518782 73
May,-----	1147803	65 51710 55	287564	80 75798 84		1562377 84
June,-----	1120054	95 62710 55	344872	45 75798 84		1593436 79
July,-----	1135959	14 53710 51	417366	96 75798 84		1682886 49
August,-----	1108242	66 53710 55	462197	17 75798 84		1699949 21
September,-----	1133223	11 53710 55	475492	19 75798 84		1738224 69
October,-----	1137115	34 53710 55				
November,-----	1165275	41 55310 55	466421	18 75423 84		1762430 98
December,-----	1193059	26 55310 55	463560	84 75133 84		1787064 49
1818 January,-----	1214113	88 55310 55	452590	74 33619 34		1795534 51
February,-----	1267691	29 55310 55	579163	76 70571 98		1972737 58

March,-----	1293787	87 51270	55633911	86	62498	57	29513	68 2070902	55
April,-----	1347807	85 42079	70694463	39	62480	58	63858	55 2210708	17
May,-----	1307294	79 42079	70783243	56	61974	23	86989	75 221522	3
June,-----	1290721	41 43945	70829490	69	61074	23	131356	83 2357477	86
July,-----	1342755	26 44845	70863443	17	61774	23	136299	59 2449287	95
August,-----	1351216	46 44315	70876886	46	61974	23	152466	64 2487859	49
September,-----	1333598	30 45915	70899613	38	61974	23	178830	30 2519931	91
October,-----	1348318	41 46915	70894668	37	61974	23	187171	64 2539058	35
November,-----	1361199	17 47315	70886019	10	61864	23	256234	46 2612832	86
December,-----	1353015	39 47315	70865876	98	60344	23	269067	71 2595619	37
1819 January,-----	1352203	45 47315	70849032		60278	23	274211	18 2583060	56
February,-----	1340120	54 47195	70842592		57345	9	281634	62 2539387	95
March,-----	1313713	76 45692	70829001	75	49260	39	303807	77 2542077	37
April,-----	1265632	28 38042	85835189	67	49260	39	290055	44 2479080	63
May,-----	1273008	22 48942	85842224	95	49260	39	310054	84 2513541	25
June,-----	1270190	65 38992	85823128	62	49260	39	291753	81 2474326	32
July,-----	1265006	68 39992	85813374	43	49260	39	283055	40 2450689	75
August,-----	1209413	89 39992	85807072	95	49260	39	280028	92 2385763	
September,-----	1194926	55 39992	85796092	18	49260	39	282461	61 2362733	3
October,-----	1157496	54 39992	85775733	67	49140	39	277421	10 2300784	55
November,-----	1139402	90 39992	85765299	67	49140	39	276518	60 2271355	41
December,-----	1127853	57 39992	85745797		49084	39	270992	10 2233719	91
1820 January,-----	1104805	70 39992	85756321		47653	39	267353	3 2214826	97
February,-----	1099460	13 39992	85722610		45605	39	251798	28 2159016	65
March,-----	1058339	67 39542	85708068		38649	39	252400	96 2005285	87
April,-----	1051740	87 34200	698385	69	37531	15	273410	87 205269	58
May,-----	1041277	39 35800	694186	69	37531	15	294460	77 2102756	
June,-----	1056212	19 32520	690707	20	37531	15	302851	9 2119821	63
July,-----	1048127	87 32360	685472	18	37531	15	303362	40 2108553	60
August,-----	1013980	17 32255	679664	18	37531	15	301743	31 2066173	81
September,-----	982965	57 32255	677195	20	37531	15	301029	71 2040976	63

## F.—Continued.

	CHARLESTON.		COLUMBIA.		GEORGETOWN.		TOTAL.
	Notes.	Bonds.	Notes.	Bonds.	Notes.		
October,-----	945477	32255	675706	37531 15	303328 21	1994297 36	
November,-----	966022 47	31655	670265	37081 15	300567 69	2005591 31	
December,-----	961696 21	31655	657310	37081 15	399241 8	1986903 44	
1821 January,-----	944838 61	31655	643184	36981	306724 4	1963432 65	
February,-----	929281 20	30755	625534	36512 15	309103 57	1929485 92	

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

## G.

*Exhibit of Specie in hand, the first week in every Month, from September, 1813, to February, 1821.*

1813	September	39,000	71	June	102,108	54	
	October	39,000	86	July	247,593	52	
	November	47,007	58	August	244,687	52	
	December	45,005	74	September	247,432	32	
1814	January	44,009	29	October	244,433	32	
	February	46,009	17	November	242,433	32	
	March	48,001	22	December	261,382	32	
	April	48,003	22	1818	January	308,843	50
	May	47,002	7		February	341,471	99
	June	50,007	68		March	369,876	30
	July	50,008	68		April	384,364	95
	August	49,008	68		May	350,044	
	September	48,000	85		June	380,906	43
	October	50,000			July	323,846	43
	November	49,569	8		August	322,925	43
	December	50,351	44		September	314,925	43
1815	January	50,351	44		October	308,925	43
	February	50,351	44		November	302,925	43
	March	50,351	44		December	249,042	42
	April	50,411	69	1819	January	352,043	43
	May	50,411	69		February	352,042	43
	June	50,851	44		March	264,782	43
	July	50,586	82		April	254,782	43
	August	50,586	82		May	270,779	77
	September	50,586	82		June	240,397	77
	October	50,586	82		July	239,507	77
	November	50,587	82		August	238,637	77
	December	50,587	82		September	241,312	52
1816	January	50,587	82		October	249,348	52
	February	50,587	82		November	250,114	52
	March	50,587	82		December	246,867	10
	April	50,587	82	1820	January	247,162	98
	May	50,587	82		February	247,379	98
	June	50,587	82		March	326,739	50
	July	50,587	82		April	413,502	50
	August	50,587	82		May	462,490	66
	September	50,736	59		June	510,262	59
	October	56,675	59		July	341,992	90
	November	57,485	59		August	338,743	90
	December	64,395	59		September	338,543	90
1817	January	90,396	71		October	225,523	90
	February	162,132	68		November	224,543	90
	March	165,474	43		December	224,143	90
	April	193,608	98	1821	January	286,910	90
	May	207,108	98		February	328,355	90

STEPHEN ELLIOTT, *President.*  
A. HENRY, *Cashier.*

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## H.

### *Exhibits of Issues of the Bank in its own Notes.*

The issues on the books at present amount to.....	\$1,311,062 50
On hand in Charleston, 12th February, 1821.....	103,458 00
Do. in Columbia, 31st January, 1821....	40,648 75
Add, sent to Columbia, on 30th January, not included in their account, but acknowledged on the 4th February.....	20,000 00
	164,106 75
	1,146,855 75
Branch at Georgetown.....	703 68
	1,146,152 07
Now in circulation.....	
Deduct also balance against the Office of Discount and Deposite now lying in their hands, as we understand, in our bills.....	197,000 00
	949,152 07
The Treasury of the State was indebted to this Bank.....	395,571 24
Amount of sales of stock, on the 6th instant..	368,335 75
	27,235 49
Sum really in circulation on account of the operations of the Bank.....	921,916 58

STEPHEN ELLIOTT, *President.*

A. HENRY, *Cashier.*

Charleston, 12th Feb. 1821.

## I.

Wednesday, April 25, 1821.

Dr.			Cr.
To discounted notes out- standing.....	\$349,639 24	By bills and silver recei- ved from Charleston, Bank, S. S. C.....	\$376,214 10
To contingent expenses.	2,668 37	By interest on discount- ed notes.....	11,353 99
To balance in Cashier's hands.....	69,355 08	By individual deposits.	34,093 69
	<u>\$421,661 39</u>		<u>\$421,661 69</u>

W. W. TRAPIER, *President.*

J. SHACKELFORD, *Cashier.*

*Branch Bank, Georgetown.*

K.

*General Statement of the Branch of the Bank of the State of South Carolina.*

Dr.		Cr.	
1821. Nov. 27.			
To notes discounted	\$715,679 40	By Bank State of South Carolina	\$777,274 59
To bonds	27,339 15	By discount account	6,780 11
To expenses	466 67	By Treasury	50,256 34
To cash on hand	140,837 98	By deposits	50,003 16
	\$884,314 20		\$884,314 20
BENJ. HART, <i>President.</i>			
WM. ED. HAYNE, <i>Cashier.</i>			

(1821.)

FROM THE COMMITTEE OF THE HOUSE, APPOINTED IN 1820.

Your Committee, appointed at the last Session "to obtain, during the recess of the Legislature, a general statement of the transactions of the Bank of the State of South Carolina, signed by the President, and countersigned by the Cashier; to inspect the general account in the books of the Bank, and report whether there has been any, and what, violation of the fundamental articles of the said Bank, its condition, the goodness of its debts, and their opinion of the mode of its administration, whether beneficial or otherwise;" beg leave most respectfully to Report:

That in conformity with these requisitions, they have instituted the inquiry, and have now the honor of laying the result of their investigations before this House.

Your Committee assembled at the Banking House, at Charleston, on the 14th of February last, when they were met by the Committee of the Senate.

It will be seen by the accompanying Exhibits, that "general statements of the transactions of the Bank" have been obtained, and as all the objects of the Resolution can be embraced under two enquiries, to wit: Whether the charter of the Bank has been violated, and next, as to the condition of the institution, whether prosperous or otherwise, your Committee will proceed in this order, to the contemplated discussion.

First: They could not discover that there has been any violation of the charter. The requisitions of the Act of Incorporation appear to have been complied with, and in no instance to have been transcended. The Bank to them appeared to have pursued a course of financial policy, justified as well by law, as the usages of similar institutions. As this conclusion has resulted from a careful comparison of the Act of Incorporation, with the operation of the Bank, as unfolded to your Committee, they deem it unnecessary



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to say more on this subject, as these operations will be necessarily exhibited in the progress of this Report.

Next: As to the condition of the Bank at Charleston, your Committee received the following exposition of the capital of the Bank:

United States Stock.....	\$577,250 13
Stock of the State Bank.....	316,893 57
Surplus in Treasury.....	393,693 56
Loan Office Bonds.....	59,147 98
Stock in Planters' and Mechanics' Bank.....	19,341 75
Old Duty Bonds, and sundries.....	4,457 85
Confiscated Estates.....	1,465 71
	<hr/>
	\$1,372,250 55
Deduct for State 6 per cent. redeemed.....	176,029 95
	<hr/>

\$1,196,220 60

These several specifications of capital became the objects of the inquiry of your Committee to ascertain at what time they resulted to the use of the Bank, and the several vouchers by which their entries as capital were sustained.

1. The amount of *United States Stock*, was ascertained to be the sum which the Bank had received from this source: it was paid by the United States, for the Revolutionary claims of this State. The first payment was made on the 14th of January, 1813, and the last payment on the 23d of January, 1819.

2. *State Bank Stock*.—It was discovered that 3,000 shares of the State Bank had been transferred by the Legislature to the capital of the Bank, of which number the Bank has sold two thousand and eighty shares, at an average of about one hundred and eight and a half dollars per share. The sales were examined by reference to the Broker's Books effecting them. The Account sales were found correct; and the amount of stock appeared invariably to have been disposed of at the highest market price. Adding to the amount of the sales the par value of the stock now on hand, the sum of \$316,893 57 will be produced.

3. *Annual Surplus in the Treasury*.—The amount constituting this item, the Bank received as follows:

On the 12th April, 1816.....	\$18,651 45
" " 17th May, 1817.....	25,678 61
" " 25th May, 1818.....	227,937 81
" " 6th April, 1819.....	121,425 69
	<hr/>
	\$393,693 56

The books of the Treasury were examined, and were found to correspond with the entries made in the general account of the Bank, in relation to the above particulars.

4. *Loan Office Bonds*.—This item was investigated by reference to the books at the Treasury, and it was ascertained that the Bank has received on this account, \$59,147 98.

5. *Planters' and Mechanics' Bank Shares*.—Of this stock there were transferred by the State to the Bank, eight hundred shares, which were sold by the Bank at par. The Brokers' Account Sales were examined, and it was ascertained that the sales effected were at the highest market price.

6. It did appear that the Bank had received at different times on account of *Old Duty Bonds and sundries*, the sum of \$4,457 85.

7. On *Confiscated Estates*, the Bank received, say \$1,465 71, as appeared from the records of the Treasury.

The sum deducted from the capital (one hundred and seventy-six thousand and twenty-nine dollars, ninety-five cents,) is the amount paid by the Bank for the redemption of the State six per cent. stock: it being so far an actual reduction of what was then the permanent debt of the State. This has been duly vouched to the Legislature, by the Report of the State Treasurer, bearing date 1st October, 1819.

All the vouchers establishing the capital were carefully examined, and your Committee found its accumulation to have resulted as stated. In order, however, to bring more fully to your view the progress by which such accumulation has been produced, they beg leave to refer you to the Exhibit marked A, in which the President of the Bank has very amply illustrated the subject; together with several other interesting details.

The investigation of the capital of the Bank having been concluded, your Committee proceeded to examine its condition, as exhibited by its weekly statement, brought up to the 12th February, 1821—which will appear by reference to Exhibit B. Into this account a rigid scrutiny was instituted.

The Discount Account was examined, the interest accruing on the bonds due to the Bank, as well as all other items on the debit side of the statement. The amount of discounts and interest was the profits of the Bank, from the 1st October, 1820, to the 12th February, 1821.

Although there would appear by this Exhibit to have been at that time issued by the Bank, notes to the amount of one million three hundred and eleven thousand and sixty-two dollars, fifty cents, yet this sum was not actually in circulation. It included those notes which were prepared for issue, as well as those actually out. The sum really in circulation was less than a million: For which your Committee refer you to Exhibit marked H. On the credit side of Exhibit B, your Committee have to submit the following observations:

*Bills and Notes Discounted.*—Under this item, we took occasion to ascertain, according to your instruction, the goodness of the debts due to the Bank. And after comparing the original notes with the entries in the Bill Ledger, we called to our assistance a Director of the institution, whose extensive acquaintance with Charleston and its vicinity, enabled him to give us the most important information as to the solvency of its different borrowers. This, added to the personal knowledge which some of your Committee possessed on the same subject, enabled us to approach with some confidence this difficult and delicate part of our inquiry. After going through the whole Bill Ledger, calling over each name with those of the respective endorers, on each note, and collating all the information we separately possessed or could collectively receive, we came to the conclusion, that the sums due to the Bank, for notes discounted, outstanding, were almost universally well secured. At the period of this investigation there was but one note for \$2,000 which was deemed absolutely bad, and others amounting to \$4,150 doubtful. We have since had reason to believe that the amount estimated as doubtful, ought to have been increased to at least eight or ten thousand dollars. Subsequent events may prove that your Committee have essentially underrated what may be the probable losses of the Bank; but from the lights which were actually before them, they were

unable to come to any other than the above conclusion, which is the result of an unanimous opinion.

2. *Notes in Suit.*—Your Committee found the sum of \$140,405 19 in suit, of which about \$15,177, may be considered as bad, and eight hundred doubtful.

3. *Bonds and Mortgages.*—The original bonds were shown to us, and the amount stated ascertained to be correct. In relation to this species of loan the Bank appeared to have uniformly obtained all the certificates accompanying the mortgages, which the charter renders indispensable; and in relation to the goodness of this species of debts, but one bond, of a very small amount, was regarded as either bad or doubtful.

All the other items in Exhibit B, were separately examined, in connection with all the sources from which they were derived. As they necessarily result from the ordinary routine of Banking, your Committee think it unnecessary to make any remarks, except on two or three of them.

*The Bank Estate.*—This comprises the sum paid for Banking Houses, and their incidental improvements. The office at Charleston is a building which unites convenience and durability, and possesses the advantages of commercial location: it cost \$18,000. The office at Camden cost \$7,000. The office at Georgetown cost \$3,273 47. Total, \$28,273 47.

*Contingent Expense Account.*—These accounts were laid before us, and appear to have been regulated by a judicious economy. The Exhibits marked C, in continuation, contain a statement of the expenses each year, with the amount passed annually by the Bank to the credit of the Treasury.

*Cash.*—All the several items under this specification, were scrupulously examined, the specie weighed or counted, and the notes of the several Banks looked over carefully, so that your Committee are entirely justified in saying that the sum of \$537,180 29, as credited in Exhibit B, was the amount of cash on hand, on the 12th February, 1821.

Having thus investigated the Capital and stated Accounts of the Bank, several subjects of miscellaneous inquiry were taken up:

1. It was desirable to ascertain the amount loaned each year by the Bank, at Charleston and its Branches, in order that it might be discovered whether the annual profits had been legitimately declared. For this purpose, the Exhibit marked F, was procured, which illustrates this subject in connection with the Exhibit marked C.

2. Whether proper deductions had been uniformly made from the profits each year for bad debts. By reference to the general Ledger of the Bank, it did appear, that deductions had been invariably made, annually, as far as the losses could be ascertained. These losses are exhibited in Exhibit marked E.

3. To know the average amount of Specie annually purchased, with the amount of premium paid for the same. For the details of this inquiry, your Committee would refer you to the Exhibit marked D, whilst the Exhibit marked G, unfolds the amount of specie on hand, from September, 1813, to February, 1821.

4. To see what amount as interest on balances, had been paid by the Bank, to the office of Discount and Deposits of the Bank of the United States. This sum it was ascertained was equal to \$3,817 16.

5. A general survey of the Books, to trace the entries through the different books and to test their correspondence as far as practicable. The Book of Cash Balances, Cash Book, Ledger of General Accounts, and Bill

Ledger, were consequently examined, with all the attention we could devote to this subject, and as far as our limited experience enabled us to form an opinion, the Books appeared to be kept with neatness, accuracy and punctuality.

Your Committee having devoted eight or ten days during the hours of business, to the examination at the office at Charleston, adjourned to meet at Georgetown, where they assembled on the 25th April, at which time the Exhibit marked I, a general account of that Branch, was laid before them, and formed the basis of its investigation. In conformity with the course of proceeding adopted at Charleston, we examined each item separately, and became satisfied of the accuracy of the whole account. In making the scrutiny into the goodness of the debts, your Committee were essentially aided by the accurate and extensive acquaintance of one of their number, with the solvency of most of the borrowers. After availing themselves most amply of this and other sources of information, they came to the conclusion, that the bills due to this Branch were well secured, nor was it possible, after a most diligent search, to discover but one note, to a small amount, of even a doubtful character.

The Contingent expense Account was investigated, and found correct, whilst the disbursements appear to have been guided by a vigilant regard to economy. The average contingent expenses are about \$5,200. The dividend or profits of the State, declared by this Branch, are from 5 1-2 to 6 per cent.

During the winter from 10 to 15 per cent. are required to be taken off the notes every sixty days. Full renewals are granted annually in the summer.

Your Committee next met at Columbia, on the 26th November, 1821, when a general statement of the Branch here located, was presented to them, as appears by exhibit marked K. Your Committee deem it merely requisite to observe that the account was found correct, in all its parts, and that the same examination was employed as at the Bank of Charleston. They conceived that the most important part of their labor, was to ascertain, as far as feasible, the goodness of the debts due to this Branch; and in taking up the Bill Ledger with the original notes, they availed themselves of the very best information which was to be obtained, in relation to this subject. They were satisfied, from this examination, that the borrowers at this place were persons generally of great pecuniary responsibility, and that the Directors had employed a highly commendable vigilance in strengthening the Notes by requiring additional indorsements whenever any weakness was discovered.

The amount of Notes under Pretest, was fourteen thousand and six dollars. The amount of Bonds in suit, equal to four thousand two hundred and sixty eight dollars. From the information which your Committee obtained, they are induced to believe, that in the first of these cases the solvency of the indorsers is unquestionable, and in the last, the Real Estates Mortgaged, are more than equivalent to the amounts due, except in one instance, involving a small sum. The Contingent Expenses of the Branch appear to have been brought within the compass of a discreet economy. As the Accounts of this Branch were made up to October last, and transmitted to the Bank at Charleston, this will account for the smallness of this item, in the Exhibit marked K.

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The gross profits at this place were as follows :

On Notes.....	\$39,953 42
On Bonds.....	1,669 77
	<hr/>
	\$41,623 19
Deduct for Expenses.....	5,849 64
	<hr/>
Clear profit.....	\$35,773 55

The average profit has been between 5 and 6 per cent.

Your committee would flatter themselves, from the copious exemplifications accompanying this report, this House will have before them a satisfactory exposition of the affairs of the Bank, and are aware of but one other subject to which public curiosity will be directed, to wit: the amount borrowed by the Directors and Officers of the parent Bank, and its branches, which is unfolded by the following statement.

12th February, 1821, amount due the Bank by the Directors and Officers at Charleston .....	\$181,114
25th April, 1821, amount due the Bank by the Directors and Officers at Georgetown.....	83,088
27th November, 1821, amount due the Bank by the Directors and Officers at Columbia.....	99,160
	<hr/>
Total.....	\$363,362

If this amount in the aggregate should seem to be large, your committee have to assure you, that these loans appear to have been as well secured as any other which the Bank had negotiated. At Charleston and Georgetown, no Director of the Bank is permitted to indorse for his co-director—a rule to which we found an invariable adherence. The indorsers on the notes of the officers of the Bank and Directors, were personally known to most of your committee, and are deemed fully responsible for the sums for which they are respectively bound. It ought, moreover, to be remarked, that Directors of a particular Bank obtain from other institutions accommodations with less facility than other individuals; and thence, if they are extensively in business, they are under the necessity of applying frequently for loans to the Bank over which they preside. The rule adopted by the Bank, which has been stated, is perhaps the most salutary that could be devised.

In recurring to the inquiry, “whether the mode of the administration of the Bank has been beneficial or otherwise,” which forms one of the precepts in the resolution under which your committee have acted, they think, from the whole tone and tenor of this report, it is abundantly evident, that in their opinion, its condition is prosperous, its administration has been wise, and its prospects encouraging.

Among the advantages, the Bank is the consolidation of the surplus wealth of the public Treasury, in an aggregate of easy evolution, and successful employment. It has given activity and circulation to riches which would otherwise have been inert and unproductive. The surplus of taxes, which has been paid by the people, has come back to them in the shape of an increased circulation, affording facility to labor, and incitement to industry.

To the State, the Bank has afforded, on emergencies, the most essential aid, by advancing its funds at the very moment when they were most requir-

ed, from exigencies for which no calculation had been formed. The advances made by the Bank for the internal improvements, in 1820, and the facilities it afforded to this State, for the assumption of the direct taxes of 1814, '15 and '16, by which the sum of \$91,143 28 cts. were saved, are pointed illustrations of this truth.

With this view, your committee are not insensible to the risk which the State has incurred, of placing at the disposal of a certain number of persons the disposition and appropriation of its wealth, under circumstances where the instinct of self interest must have but a limited operation. Whilst they recognize in the fact of the able and beneficial administration of the Bank, the most proud and consoling testimonies of the public virtue of our fellow citizens, to whom its affairs are confided, they are yet alive to the undeniable truth, that those duties are best performed, which are most intimately interwoven with our individual interest. Should the period therefore arrive, when there shall be an increased demand for capital at Charleston, and other flourishing points of our State, by permitting the subscription of private stockholders to such an increase of capital, and giving them relatively a larger representation in the Board, it must be obvious that the management of the institution would, in all probability, pass into the hands of those who, to public spirit, would add the energy of a principle which has made man what he is, through all the modifications of civilized existence. It is not in this view alone, that this consideration becomes interesting. It is possible the time may arrive, when it shall be the policy of this State to decline all participation in the operations of banking. We should then possess the facility of selling out our interest in this institution, at a most profitable advance. An advance perhaps equivalent to the whole remaining debt of the State, which would impose upon individuals who are best able to accomplish it, the onerous, and to a public and political body, often inefficacious task of collecting and receiving outstanding debts and claims.

Your committee feel that they are transcending the letter of their instructions. If they were permitted to recommend any alteration of the charter, they would suggest the propriety of rendering one-fourth of the directors annually ineligible. This might have a tendency to check any undue accumulation of loans to them, whilst the objection to such changes, in private institutions, are not so immediately applicable to a Bank so constituted as the Bank of the State of South Carolina.

Your committee are far from recommending, as a matter of Legislative enactment, a positive precept to the Bank, to call in at least one-fourth of its debts annually, if the customary reductions are not made on outstanding notes every sixty days. They are aware that such regulations might be inconvenient and unwise. But there can be no impropriety in an unequivocal expression of an opinion that this policy, as far as practicable, without unnecessarily embarrassing the borrowers, is altogether expedient. Such a practice would be an annual test of the solvency of the borrowers, and by a more active diffusion of capital, enlarge the sphere of the utility of the Bank, and counteract any proclivity it might have to degenerate into a mere loan office. This suggestion is not founded on any instances which have occurred, of excessive indulgence, but has a prospective relation.

Your committee cannot close this communication, without acknowledging the great facilities afforded by the officers of the Bank and its branches, during the progress of their examination. Every call for information was promptly answered, with an amplitude the most satisfactory and pre-

cise. Of the gentleman who has so long presided over the institution, with a parent's zeal and solicitude—who has successfully carried the lights of genius, literature and taste, into a pursuit essentially partaking of the dryness of the exact sciences—whose character is a bright and unsullied ornament to our State—your committee are unable to express the sense they entertain of the distinguished ability and unwearied devotion he has applied to the high trust confided in him. It is enough to say, that with him the Bank is safe.

During the investigation at Charleston and at Georgetown, your committee were so fortunate as to have the aid of the valuable services of Mr. George Butler, from whose assistance they had sanguinely promised themselves additional usefulness during the examination at Columbia. But that calamity which is the inevitable condition of man, has taken him from us, and his country, to whose service he brought the purity and ardor of an ingenuous character, the intelligence of a well disciplined mind, and the firmness of a fearless and independent spirit.

JAMES HAMILTON, JR.,

*Chairman of the Bank Committee of the House of Representatives.*  
COLUMBIA, Dec. 31, 1821.

[For the Exhibits referred to in the above report, see copies of the same, in the preceding report of the Senate.]

(1825.)

#### FROM THE COMMITTEE APPOINTED IN 1824.

The committee of the Legislature, appointed at its last session, "to examine minutely into the affairs and situation of the principal bank, and to report the result thereof, and particularly all mismanagement in the affairs of the said Bank, if any such have occurred," respectfully report:

That in pursuance of the directions of the Legislature, they have carefully inquired into and investigated the affairs and situation of the Bank of the State, in the City of Charleston, and all its transactions subsequent to the 3d December, 1821, when an able and detailed report of the proceedings of the institution, from its establishment to that date, was made to the Legislature by a committee appointed for that purpose.

Your committee convened early in June last, and after some inquiry into the affairs of the Bank, thought it advisable to suspend their examination until after the expiration of the fiscal year, that they might present to the Legislature, as late a view as practicable, of the affairs and situation of the institution. This information was communicated to the Comptroller General early in October, and your committee, in pursuance of their adjournment, met on the third Monday in the same month, and after directing the requisite papers to be prepared for their inspection, adjourned to the 19th, when they commenced their examination, which occupied their attention during the usual business hours, for twelve days. After taking a general view of the transactions of the Bank, they proceeded to examine its

condition as exhibited in "the weekly statement of its affairs," laid before the Board of Directors on the 17th of October, (a copy of which marked A, is hereunto annexed,) and carefully and minutely investigated every item, examined the vouchers and compared them with the respective entries, and found them in every instance, to correspond. Some of these items your committee consider it their duty to bring more particularly to the view of the Legislature. And .

1st. *Bank Capital.* The clause in the charter, which required all balances in the Treasury, on the 1st April in each year, to be transferred to the Bank, was repealed on the 18th day of December, 1819, and no addition has been since made to the capital of the Bank, which is now, as at the date of the former report, \$1,196,220 65. The stock and other funds transferred to the Bank by the State, and constituting this amount, have been from time to time disposed of, and the money received by the Bank. The capital may now, therefore, properly be considered a money capital, without reference to the sources from which it was derived.

2d. *Discount Accounts.* Since the date of the former report, (December, 1821,) the Bank has passed to the credit of the State the following sums, being the profits of the several years, after deducting from each the amount of bad debts then ascertained, viz :

For the year ending 30th Sept.	1822, this amount	\$120,072 18
" " " "	1823, " "	113,207 61
" " " "	1824, " "	116,350 58
" " " "	1825, " "	115,042 96

In investigating this account, it appeared that the Bank since its establishment, has paid to the State the sum of \$279,909 99, over and above seven per cent. on all the funds at any time placed at its disposal, as is more particularly shown in exhibits marked B and C, hereunto annexed. From this statement, it results that the connection of the State with this institution, whatever may be its future fortunes, has been heretofore profitable.

3d. *Bank Notes issued.* Under this head, your committee considered it their duty to ascertain the whole amount of bills that had been at different times issued by the Bank—what portion was in the Bank, or had been destroyed by the Bank; and found, that on the 17th October, 1825, the total amount issued was \$1,728,420, from which must be deducted the amount in the principal Bank, \$401,048, and the amount in the several branches, which will be reported by other committees. See exhibit marked D.

Your committee next proceed to the examination of the funds held by the parent Bank; and

1st. *Cashier's and Teller's Account.* Under this head, your committee ascertained, by counting and weighing, that there was in the vaults of this Bank, under the charge of Cashier, on the 17th October,

In Specie,	\$151,787 03
In Bank Notes,	379,275 25
Teller's Account,	73,469 26
	<hr/>
	\$604,531 54

2d. *Bonds and Mortgages.* This item, amounting to \$63,682 61, your committee also examined, and found that the bonds and mortgages, in every instance, had been taken in strict conformity to the requisitions of the charter, and that of the amount so loaned, only one bond for \$500, with



interest from 1st March, 1817, could be considered of doubtful character; and for the security of this debt, the Bank holds a mortgage of 1,700 acres of land. This land, from the depreciation of every species of property, cannot now be disposed of advantageously, but it is presumed, will eventually be sufficient for the discharge, if not of the whole, of a very considerable proportion of the debt. No great loss is anticipated.

3d. *Bills and Notes discounted.* This, by far the most important item, whether considered as involving the solvency of the institution, or implicating the conduct of the Directors, demanded from your committee, and received the most deliberate and minute inquiry. They examined the "Bill Ledger," the book containing the name of each debtor of the Bank, the amount due by each, and the name of the indorser on each note, and found there was due to the Bank, this amount, \$1,043,301 52. To ascertain what portion of this sum was to be considered as sufficiently secured, and what either had or doubtful, your committee called over the name of each debtor, ascertained the amount due by each, and the name of the indorser on each amount; and after a patient and minute investigation, came to the conclusion, and beg to report, that in their opinion, the sum of \$934,728 may be considered as at present secured; the sum of \$45,654 as doubtful; and the sum of \$62,920 as bad. Of the notes discounted by the branches, other committees will report. To the parent Bank the researches of this committee were confined.

*Bills and Notes in suit.* This item was considered and examined in conjunction with the one immediately preceding, and your committee would merely observe, by way of explanation, that many of the suits were instituted, not from any doubt of the solvency of the debtors, but in consequence of the death of some of the parties, which rendered it impracticable to continue the renewal of the notes, without incurring a responsibility the Bank were unwilling to assume.

Of the debts stated as doubtful, a considerable portion will be eventually received, and even of the amount estimated as bad, it is not-doubted a part will be eventually recovered.

Having gone through the examination of these items, your committee proceeded to the next enquiry submitted to them, whether there had been any mismanagement in the affairs of the Bank, on which your committee were directed to report particularly. By the provisions of the charter, among other things, the Bank is authorized to loan money on notes with two or more good names. This requisition, although in some instances not strictly enforced, has been considered by the Board as substantially complied with, when the note taken was amply secured by one of the parties, either drawer or indorser, without a strict reference to the solvency of the other. Whatever countenance this practice may derive from the usages of other banking establishments, your committee are of opinion, that it is a departure as well from the spirit as the letter of the charter, and that it has, in several cases, been attended with consequences injurious to the interests of the institution.

*Directors' Accounts.* As much has been said of the facility with which loans are acquired by Directors themselves, and by others through their influence and mismanagement, either charged or inferred from the amount so loaned, it became the duty of your committee to examine the accounts of the individuals who had at any time subsequent to December, 1821,

managed the affairs of the institution, and they beg to report, that there was due to the Bank by the Directors:

For December, 1822, this amount,	\$151,404
" " 1824, " "	117,515
" " 1825, " "	121,333

In the course of this investigation, it appeared to your committee, and they feel it incumbent on them to state, that of the losses incurred by the Bank at different times, by far the greater portion can be traced to the facility possessed by the directors, by their seat at the Board, of obtaining for themselves, and in many instances for others, loans which, under other circumstances, their pecuniary responsibility would not have entitled them to receive. In making this statement, your committee beg it may be distinctly understood, that it is not their intention to impute to the Directors generally, any species of impropriety; on the contrary, they are fully aware of the important services rendered by a great majority of those who, at different periods, have served the State in this responsible and honorable situation.

It must be evident that the prosperity and future usefulness of the Bank, depends materially on the integrity, prudence and ability, of those who manage its concerns. This trust is confided to Directors, annually elected by the Legislature. From the manner in which that election is sometimes managed, your committee fear the selection is made without a sufficient knowledge of the qualifications, responsibility and character, of the individuals offered as candidates. Your committee would recommend that some plan be adopted, to afford the Legislature more time for acquiring the requisite information. They respectfully submit, whether it would not be advisable, either to appoint a joint committee to nominate fit and proper persons for this important trust, or that the several committees appointed by the Legislature to investigate the affairs of the parent Bank and its branches, be charged with the duty of presenting with their report, a list of proper persons, from which list all vacancies that may occur shall be filled.

In closing this report, your committee have great pleasure in stating, that during the course of their tedious and protracted examination, they received from the Cashier and other officers of the Bank invariably, the most prompt and zealous attention to every call for papers or information. And they consider it incumbent upon them, particularly to express their unqualified approbation of the conduct of the distinguished individual who presides over the institution. The zeal and ability with which he has discharged the various and arduous duties of his office, entitle him to the confidence and approbation of the Legislature.

Your committee have subjoined sundry documents, marked E, F, G and H, explanatory of the transactions of the Bank, in many particulars not detailed in this report, to which they beg to refer.

Signed and submitted by order of the committee.

HENRY DEAS, *Chairman.*



B. *Annual Statement of the Bank of the State of South Carolina, and its Branches, exhibiting the dividend.* Cr.

1821. October 1.		1821. October 1.	
To Charleston Bank, contingent expense, \$18,931 75		By discounts in Charleston,-----	\$54,290 57
" Profit and loss account,----- 9,922 00		" Interest ac. \$1,710 91, and int. on stock, \$6,095,-----	8,805 91
" Columbia Brh. Bk. cong't. exp. act.- 5,849 64		" Columbia Branch Banks discounts,--	39,953 42
" Georgetown Brh. Bank do. -- 5,232 43		" Do. do. int. on bonds. 1,669 77	
" Dividend declared and placed to credit of State Treasury,-----		" Georgetown Branch Bank discounts,-----	41,623 19
			21,741 53
			\$126,461 20

CHARLESTON, 1st October, 1821.

A. HENRY, Cashier.

Dr. <i>Annual Statement of the Bank of the State of South Carolina, and its Branches, exhibiting the dividend.</i> Cr.		1822. October 1.	
To Charleston contingent expenses,----- \$16,756 39		By Charleston Bank discounts,-----	\$62,315 49
" Profit and loss,----- 970 00		" Do. int. on bonds and stock, &c., 17,903 95	
" Columbia Branch contingent expenses,-----		" Columbia Branch Bank discount,--	41,067 36
" Georgetown Branch Bank contingent expenses,--		" Do. interest on bonds.-----	980 30
" Sinking Fund for the redemption of our six per cent issued,-----		" Georgetown Branch Bank discounts,-----	42,047 66
			26,487 17
			\$148,754 27

CHARLESTON, 1st October, 1825.

A. HENRY, Cashier.



Dr. *Annual Statement of the Bank of the State of South Carolina and its Branches, exhibiting the dividend.* Cr.

1825. October 1.		1825. October 1.	
By Charleston Bank contingent expense account,-----	\$17,465 38	By Charleston Bank discounts,-----	\$51,809 72
Profit and loss,-----	17,133 92	" Interest on stock and bonds,-----	14,777 71
<hr/>		<hr/>	
" Columbia Branch Bank contingent expense,-----	\$34,599 30	" Columbia Branch Bank discount ac. and interest on bonds,-----	\$66,668 43
" Georgetown do. do. do.-----	6,848 87	" Georgetown Branch Bank discount account,-----	48,799 16
" Camden do. do. do.-----	6,808 41	" Camden Branch Bank discount and interest account,-----	32,141 27
" Sinking Fund for the redemption of 5 and 6 per cents. of South Carolina,-----	5,138 13		20,823 81
	115,042 96		
<hr/>		<hr/>	
\$168,432 67		\$168,432 67	

CHARLESTON, Oct. 1, 1825.

A. HENRY, Cashier.

## C.

*Statement of the Profits of the Bank.*

The following table will show that whatever may be the future fortunes of the Bank of the State of South Carolina, no pecuniary loss has as yet been sustained by the State in consequence of its establishment.

The Capital assumed for each year as the "Average Capital," is a mean term between the amount possessed on the 1st October in one year, and that acquired by the 1st October, in the ensuing year.

Average Capital for the Years ending the 1st October.		Interest at 7 per ct.	Amt. paid to the Treasury.	Profit above 7 per cent.	Loss.
1814.....	179,223 46	12,545 64	3,325 21		9,220 43
1815.....	297,353 68	20,814 75	48,900 76	28,086 01	
1816.....	391,809 39	27,432 32	63,022 69	35,590 37	
1817.....	583,926 35	40,874 84	76,507 91	35,633 07	
1818.....	887,872 59	62,151 07	105,838 07	43,687 00	
1819.....	1,124,543 37	78,718 03	107,593 95	28,875 92	
1820.....	1,196,220 65	83,735 44	100,287 37	16,551 93	
1821.....	1,196,220 65	83,735 44	86,525 38	2,789 94	
1822.....	1,196,220 65	83,735 44	120,072 18	36,336 74	
1823. Capital	1,196,220 65	90,302 21	113,207 61	22,905 40	
Sinking fund.	93,811 06				
	1,290,031 71				
1824. Capital	1,196,220 65	94,393 15	116,450 58	21,957 42	
Sinking fund.	152,253 00				
	1,348,473 65				
1825. Capital	1,196,220 65	98,326 35	115,042 96	16,716 61	
Sinking fund.	208,441 58				
	1,404,662 23				
Profit.....				\$289,130 42	
Deduct Loss.....				9,220 43	
Balance.....				\$279,909 99	

In the first year of its operations, the whole outfits of the Bank were discharged out of the profits. This caused the nett returns of the year 1814 to be so small.

In the three last years an allowance has been made for the Sinking Fund. For although not making a part of our capital, the Bank was permitted to employ it, and therefore may be fairly required to make some allowance for its use.

After, however, charging the Bank with 7 per cent. interest for the amount of the Sinking Fund, and its own immediate capital, it will be seen that it has yielded to the State (after having defrayed all its expenses, and deducted all the bad debts which have yet been declared,) a surplus profit of two hundred and seventy-nine thousand nine hundred and nine dollars ninety-nine cents.

STEPHEN ELLIOTT, *President.*

D.

*Statement of the issues of the Bank.*

From the books of the Bank it appears that since the first establishment of the Bank, until the 17th October, 1825, there have been issued :

Bills of one hundred dollars to the amount of.....	680,000	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	590,000	
Leaving in circulation of this denomination,.....		90,000
Bills of twenty dollars to the amount of.....	768,000	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	260,000	
Leaving in circulation of this denomination.....		508,000
Bills of ten dollars, to the amount of.....	480,000	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	105,000	
Leaving in circulation of this denomination.....		375,000
Bills of five dollars, to the amount of.....	476,000	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	172,000	
Leaving in circulation of this denomination,.....		304,000
Bills of two dollars, to the amount of.....	393,600	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	182,300	
Leaving in circulation of this denomination,.....		211,300
Bills of one dollar, to the amount of.....	226,800	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	162,900	
Leaving in circulation of this denomination,.....		123,900
Amount of issues on the 17th October, 1825, according to the general statement of the Bank on that day.		1,612,200
Bills under the denomination of one dollar have been issued to the amount of.....	217,637 18	
There have been cancelled and destroyed, at different times, of this sum, bills to the amount of.....	101,417 18	
Leaving in circulation, of change bills,.....		116,220
Total amount of issues on the 17th Oct., 1825.....		1,728,420

From this amount must, of course, be deducted the amount in this Bank on the 17th Oct., when the Committee made their examination, and also the amount of bills in the different branches of the Bank at the same period. It will appear, on reference to the statements made by the Committee, that the greater part of the bills in the Bank were those of the largest denomination, which were sealed up as withdrawn from circulation; and the Bank is at present steadily pursuing the system of withdrawing from circulation every bill above the amount of ten dollars, perhaps of five.



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## E.

*Exhibit of the monthly amount of Specie in the vault of the Bank of the State of South Carolina, from February 1821, to September 1825, inclusive.*

1821	February,-----	\$328,455 90	1823	June,-----	190,077 88
	March,-----	327,855 90		July,-----	189,077 88
	April,-----	518,084 72		August,-----	188,877 88
	May,-----	526,158 86		September,-----	188,877 88
	June,-----	554,883 72		October,-----	188,877 88
	July,-----	551,133 72		November,-----	188,877 88
	August,-----	551,133 72		December,-----	193,582 88
	September,-----	546,133 72	1824	January,-----	193,582 88
	October,-----	546,133 72		February,-----	163,582 88
	November,-----	544,893 72		March,-----	170,855 88
	December,-----	547,893 72		April,-----	170,855 88
1822	January,-----	445,893 72		May,-----	170,855 88
	February,-----	537,493 72		June,-----	170,725 88
	March,-----	534,493 72		July,-----	177,432 88
	April,-----	492,203 72		August,-----	177,432 88
	May,-----	480,768 72		September,-----	188,820 88
	June,-----	476,068 72		October,-----	143,691 12
	July,-----	473,738 72		November,-----	143,691 12
	August,-----	465,463 72		December,-----	106,531 98
	September,-----	461,470 88	1825	January,-----	110,768 98
	October,-----	410,280 88		February,-----	112,268 98
	November,-----	408,022 88		March,-----	112,268 98
	December,-----	322,322 88		April,-----	112,208 98
1823	January,-----	320,322 88		May,-----	112,158 98
	February,-----	317,122 88		June,-----	113,158 98
	March,-----	317,077 88		July,-----	113,759 28
	April,-----	257,077 88		August,-----	149,890 03
	May,-----	225,077 88		September,-----	154,787 03

A. HENRY, *Cashier.*

# REPORTS OF INVESTIGATING COMMITTEES. 137

## F

*Of discounted Notes of the Bank of the State of South Carolina, and its Branches—Monthly, from October 1821, to October 1825.*

Year and Month.	Charleston.	Columbia	Georgetown.	Camden.	Total Amount.
1821. February, ....	\$929,281 20	625,534 00	309,103 7		1,863,918 77
March, .....	1,004,899 88	615,846 46	330,097 79		1,950,844 08
April, .....	1,024,801 31	860,785 48	367,427 87		2,053,014 66
May, .....	990,148 13	693,397 10	395,199 08		2,078,744 31
June, .....	966,740 45	702,886 75	403,476 73		2,073,103 93
July, .....	979,931 54	708,400 45	405,665 73		2,093,997 72
August, .....	949,530 03	712,593 05	405,820 05		2,067,943 13
September, ...	948,617 61	709,673 60	407,693 57		2,065,984 78
October, .....	959,947 77	707,587 40	411,282 15		2,078,677 62
November, ...	998,354 17	706,447 60	412,911 36		2,117,852 92
December, ....	1,018,593 62	701,841 78	415,081 14		2,135,516 54
1822. January, ....	1,017,003 29	699,425 00	422,470 48		2,138,898 77
February, .....	1,050,646 08	685,609 00	424,042 35		2,160,297 38
March, .....	1,111,016 63	672,963 64	441,715 84		2,225,696 11
April, .....	1,149,883 91	668,024 64	446,115 27		2,264,023 82
May, .....	1,158,657 24	671,551 58	452,475 88		2,284,084 79
June, .....	1,129,323 86	685,864 34	452,448 15		2,267,636 35
July, .....	1,140,454 37	693,605 66	421,015 01		2,255,105 04
August, .....	1,161,282 73	696,112 93	420,951 77		2,278,347 43
September, ...	1,149,159 86	694,586 79	421,051 77		2,264,798 42
October, .....	1,191,270 96	697,368 60	442,091 26		2,330,730 82
November, ...	1,245,782 35	692,741 15	444,301 19		2,382,824 69
December, ....	1,265,577 87	687,727 15	446,256 19	33,079 71	2,432,640 92
1823. January, ....	1,268,740 62	670,817 62	447,292 72	75,357 26	2,462,208 22
February, .....	1,280,450 32	673,023 46	449,757 67	111,142 26	2,524,373 71
March, .....	1,268,856 42	668,930 10	453,918 67	132,383 13	2,524,081 92
April, .....	1,237,089 24	676,985 91	456,855 28	134,525 08	2,505,454 51
May, .....	1,216,656 93	687,037 26	459,176 91	150,653 07	2,513,524 17
June, .....	1,187,974 06	700,894 16	465,156 49	163,193 78	2,517,218 49
July, .....	1,154,206 33	701,251 05	465,152 49	180,842 36	2,501,452 23
August, .....	1,133,494 01	704,917 15	465,022 49	181,829 50	2,585,263 15
September, ...	1,128,532 85	701,040 53	500,171 67	180,742 67	2,510,487 72
October, .....	1,132,344 61	704,135 90	500,445 67	180,552 77	2,517,478 95
November, ...	1,152,178 82	691,983 90	502,469 92	208,177 76	2,554,810 40
December, ...	1,147,703 77	684,223 21	502,305 50	219,621 81	2,555,854 29
1824. January, ....	1,145,493 05	695,459 37	512,711 20	219,180 97	2,573,814 59
February, .....	1,149,579 56	697,175 46	529,715 15	232,384 21	2,608,854 38
March, .....	1,124,606 01	696,437 16	523,518 22	234,686 23	2,579,247 62
April, .....	1,095,222 83	700,472 92	529,774 72	249,000 58	2,574,471 05
May, .....	1,087,757 38	714,895 86	534,510 76	253,068 55	2,590,232 55
June, .....	1,095,308 49	752,051 61	535,544 20	259,037 04	2,646,941 34
July, .....	1,143,486 21	781,297 72	534,673 15	267,569 85	2,727,025 54
August, .....	1,155,819 06	795,407 95	534,292 35	265,518 36	2,751,037 72
September, ...	1,134,325 93	810,516 12	534,564 35	274,625 40	2,754,031 80
October, .....	1,107,346 10	816,471 64	536,319 28	284,747 35	2,744,884 97
November, ...	1,092,349 50	815,310 81	536,995 28	300,892 42	2,745,548 01
December, ...	1,071,100 49	796,994 75	536,043 78	328,254 86	2,732,393 88
1825. January, ....	1,039,103 82	786,917 37	529,282 53	335,627 77	2,690,841 54
February, .....	1,030,127 24	780,194 82	522,775 87	340,045 23	2,673,143 16
March, .....	1,029,883 17	779,153 62	531,170 70	353,574 62	2,693,782 01
April, .....	1,037,602 08	780,869 49	534,964 61	343,861 68	2,697,297 86
May, .....	1,067,445 92	785,379 87	536,909 77	253,854 00	2,743,489 56
June, .....	1,075,854 27	816,353 68	541,159 05	346,416 31	2,778,413 31
July, .....	1,079,317 99	823,516 00	542,328 75	346,439 70	2,791,701 44
August, .....	1,059,077 54	832,940 13	541,513 30	354,623 67	2,788,154 64
September, ...	1,051,428 29	846,419 39	547,111 30	366,271 01	2,811,229 99

CHARLESTON, October, 1825.

A. HENRY, Cashier.

G.

DEAR SIR :—With regard to your enquiries as to the bad and doubtful debts of the Bank, and the influence which they may produce on the business or capital of the institution, permit me to make the following observations :

I mean not to speak of the debts themselves, of the propriety of the original loans, of the circumstances under which they were made, or to justify or apologise for those under whose administration these debts have been created, or I might show that much the greater part were contracted when the parties were in good credit, and when their apparent means were sufficient to discharge much greater debts than those due to this institution ; and I might add, that much of these apparent means, much of the property held by these parties, would have been applied in payment of the debts due to this institution, but the laws of our country permit partial assignments, and allow debtors to favor those of their creditors whom they choose to prefer, and those from whose favor, in return, they expect future advantage. I will speak of these debts as they are reported.

Let me premise, however, that several of these debts are of long standing, that they have not been transferred to the profit and loss account in past years, because there was some property in possession of the Bank, or mortgaged to it, which it was necessary to dispose of, before the actual amount of loss could be ascertained, and because for the last four years it has been difficult in the low country to dispose of real estate, except at great, and we yet hope, unreasonable sacrifices. We were aware of the existence, and doubtful character of these debts on our books, and were anxious to make provision for them, but until the value of the assets in our hands was ascertained, the real amount to be carried to profit and loss could not be determined. It has thus happened, that there is accumulated at one point, and at the present moment, what ought to have been distributed through several successive years.

The committee, I understand, report, that on our books are bad debts to the amount of \$62,920. Now it will be evident by inspecting the account of the profits of the Bank, that if for the last three years, there had been annually deducted from the amount paid over to the Treasury, the sum of \$21,000, all of these debts would have been effaced from our books, and the income of the Bank would still have exceeded 7 per cent, including with the capital the Sinking Fund, and 8 per cent, if the Sinking Fund were abstracted.

The Bank has, the present year, passed over to the credit of the Sinking Fund, \$115,042 96. If these debts, amounting to \$62,920, had been deducted at once from this sum, what would have been the result ? That the State would have received for the present year, \$52,122 96 ; and after having for many years been receiving from 8 to 16 per cent, would for one year have derived only 4½ per cent on its capital, or nearly 4 on the capital, including the Sinking Fund.

It is customary in private institutions, to make annually such dividends as the Directors think prudent ; and if they have been fortunate, to form with their surplus profits, a fund from which future losses may be repaired. It is this principle, or this precaution, which makes the dividends in private banks so uniform and regular. In this Bank, from its peculiar character, it was deemed incorrect to create a surplus fund, lest such a measure might have led to suspicion and misconstruction. It was considered our

duty to make an annual statement fully of our transactions, and carry at once the annual profits of the institution to the credit of the State. This seemed the more advisable in our situation, because an irregularity in the income of the Bank, could be of little inconvenience or importance to the State, while in private institutions, great irregularity in the dividends would lead to continual speculations in the stock, and be productive of many evils. While, therefore, the Bank of the State has no surplus fund from whence its losses can be repaired, other than the current income of the year, it is but fair to remark, that if from its first establishment it had paid over to the Treasury 7 per cent. for every sum intrusted to its charge, and for which it could be responsible, and had paid no more than 7 per cent, it would have possessed at this moment, after providing for all of the bad debts which have been reported, a surplus fund of \$216,989 99. (See exhibit C.)

And even now, as the profits of the Bank have been carried to the Sinking Fund, the Legislature, should they deem it expedient, might direct the sum of \$62,920 to be deducted from the Sinking Fund, and applied to the liquidation of these debts. This would leave the Sinking Fund nearly as it stood at the close of the last year.

I have said nothing of the doubtful debts, because, as all of the bad debts are not absolutely lost, and some of the doubtful may be perfectly secured, I trust that the institution, in its future progress, may be able to provide out of its accruing profits, for such as time shall prove to be certainly bad.

It is not my intention, in these observations, to defend or justify any individual transaction, but generally to prove that the progress of this institution has not been unprosperous, neither is its present position insecure. Far be it from me to assert or suppose that the Directors of that institution have never given a credit to those who were unworthy of credit; that they have never been deceived by the appearance, without the reality of wealth; that they have never reposed confidence, where confidence has been found to have been unmerited.

I am, very respectfully,  
Your most obedient,

S. ELLIOTT.

To HENRY DEAS, Esq.

Chairman of the Committee on the Bank

H.— <i>Bank of the State of South Carolina.</i>			CR.
DR			
Capital.....	\$1,611,250 00	\$1,196,220 65	Bills and Notes discounted.
Bank Notes issued.....			Charleston.....
Do. do. under 1 dollar.....	116,220 00	1,727,470 00	Columbia.....
State Treasury, Charleston.....	50,586 91		Georgetown.....
Do. do. Columbia.....	71,849 44	122,436 35	Camden.....
State Treasury for Sinking Fund.....	191,282 85		Bills and Notes in suit.....
Discount and Interest received and			Bonds and Mortgages.....
transferred to Sinking Fund.....	115,042 96	306,326 81	Charleston.....
Office Discount and Deposit.....		25,000 00	Columbia.....
Individual deposits.....			1,014 Shares in State Bank.....
Charleston.....	267,949 55		Bank Estate.....
Columbia.....	68,122 88		Three per cent. State Stock.....
Georgetown.....	28,674 47		Six per cent. State Stock.....
Camden.....	20,468 91	385,215 81	Cash.....
			Specie.....
			Notes of this Bank and oth-
			er Banks.....
		\$3,762,669 62	
			\$3,762,669 62
			A. HENRY, <i>Cashier.</i>

CHARLESTON, 1st October, 1825.

## REPORT

*Of the Legislative Committee appointed to investigate the Bank of the State of South Carolina, in Dec. 1826, made in Dec. 1827.*

*To the Honorable the President, and other Members of the Senate of the said State :*

The undersigned, having been appointed Chairman of a committee to unite with a committee of the House of Representatives, in the examination of the Bank of the State in Charleston, begs leave to submit the following statement, as a substitute for the report which has not been made, a quorum of the joint committee not having met for the purpose. As soon as the state of the health of Charleston would permit, a letter was addressed to the Hon. W. B. Seabrook, the member from St. John's Colleton, inviting his co-operation as early as he could visit the city. As, however, no one attended but the chairman of each committee, they agreed, although they could not act as a committee, the majority not being present, yet that it was the duty of the two members who did attend, to make the requisite examination. They accordingly did so, and the chairman of the committee on behalf of the Senate, submits the following statement as the joint result of their inquiries and conference. It was deemed advisable to confine the investigation to the first of October, 1827, instead of the particular days when they attended at the Bank. The fiscal year, ending as to all the financial concerns of the State, on the first of October, seems to point out that as the most suitable date for making up the statement of the affairs of the Bank. They would accordingly recommend that this rule be hereafter observed, and if it be practicable, to make the arrangement that the examination be annual instead of biennial.

First. The first point to be noticed respecting the Bank, is its capital. Of the original capital, nothing now remains but the stock of the State Bank. The substitute for the rest of the original capital which was turned into money, consists of the debts due to the Bank, whether on bond or note; of the specie on hand; of the banking houses, and other real estate. The same state of things must exist in the case of every Bank doing business in the ordinary way; for no such institution ever did, or ever should, attempt to keep on hand the amount of its capital in specie. All Banks must depend for their ultimate solvency, on the solvency of their debtors; since, whenever they deal extensively in the discounting of bills and notes, they must invest a very large proportion of their capital in such securities. In this matter a Bank can only act as a discreet and sagacious individual, carrying on the business of a banker, would manage his own affairs. Such a person would never think of keeping the amount of his fortune by him in specie, but would trade not only on a part of his capital, by actually lending it out, but also to a reasonable amount on his credit, represented by the remaining capital on hand, by the amount of debts due to himself, and by his ability under any but very extraordinary circumstances, to command money, if he should not happen to have by him a sufficiency to meet any claim upon him. The only difference in such case would be, that the Bank pays away its own paper, while the private money dealer borrows the cash on his own

notes. Although the Bank cannot, therefore, exhibit a vault containing twelve hundred thousand dollars in gold and specie, yet they can do what every such institution is able and desirous to do. If, then, the question be asked, where is the original capital of the Bank, viz: \$1,196,220 65, the true answer is, precisely where the capital of every banker is, whether an individual or corporation, viz: chiefly in the hands of the debtors. Hence it follows, that the most important inquiry as to the situation of a Bank, is into the state of its debts. This will be the subject of examination hereafter, when those due to the Bank shall be reviewed. The capital of the Bank has remained stationary, at \$1,196,220 65, since the Act of December, 1819, after which no farther payments were made to the Bank, of the unexpended balances in the Treasury on the first of April each year.

The exhibits A, Nos. 1 and 2, herewith annexed, are the weekly statements for second of October, 1826, and first of October, 1827, of the affairs of the Bank in Charleston, and exhibits B, Nos. 1 and 2, are the annual statements of the Bank and its three branches, made up to the second of October, 1826, and the first of October 1827. The first item in each of these exhibits, is the capital.

Secondly. The next subject in order, is the amount of notes issued by the Bank from its commencement to the first of October, 1827, and still subsisting uncanceled, either in Bank or in circulation.

Exhibit C, is a particular statement of the existing issues, which amount, on the day last mentioned, to \$1,743,450; from the denomination of one dollar, inclusive; and to \$114,307 50 under one dollar.

The issuing of these small bills is an advantage, in one respect, to the community, and in two points of view to the Bank. Although silver change may be had with greater facility, generally speaking, in cities, yet this is by no means the fact through the country at large; and the only substitute for small change, in the form of specie, or of these small bills, must be similar bills of other companies, in the neighboring States, or the due bills of individuals. Now, it is presumed no one will question but that it is preferable for the country to be supplied by its own Bank, rather than by the institutions of other States, or by individuals. The advantages to the Bank lie, 1st, in the certainty that a very large proportion of many thousands of small bills, whether of corporations or individuals, must necessarily be lost or destroyed; besides which, they never become the subject of a run upon the Bank.

Should it be said, that it becomes not the State to make a profit out of individual losses in this manner, it is conceived that a sufficient answer may be given as follows: The people must be supplied with change; it is the duty of the Legislature to furnish the supply; a department has been accordingly organized in the Bank for the purpose; the loss referred to must occur to the people, from whatever source they may be supplied with such change; it is better then, that the people, through the Bank, should receive the benefit, than that strangers, or individuals among themselves, should; and, indeed, if the loss must happen, and it is inevitable, it seems a plain duty, on the part of the Legislature, to secure the profits to the people at large, through the Bank. So far, therefore, from regarding this mode of increasing the means of the Bank as unbecoming in the State, it may be justly considered as every way becoming, because it is a duty. Such a method might be deemed unsuitable to the personal pride, and to the notions of false honor, of a king; but it is perfectly consistent with the so-

ber sense, the practical obligation of an intelligent people, and their enlightened representatives. To illustrate the advantages which others would derive, the following statement is submitted. The original plates, procured under the Act of December, 1814, furnished, up to first of January, 1821, (the issue having been suspended by resolution of December, 1816,) such an amount of small bills, that on the first of January, 1821, \$28,418 were in circulation.

The issue was resumed under resolution of December, 1820, and the amount outstanding on the first of October, 1827, including the sum above mentioned, was \$46,983. These old plates were unfit for use in 1823; so that when the lapse of time is considered, the wear and tear, loss and other accidents to such bills, it is not an unreasonable estimate, that not less than \$30,000 of them will never be presented. Such is the gain which would have gone to strangers, or to individual citizens, but for the issues of the Bank under one dollar.

Is it not, then, the plain dictate of wisdom and expediency, of duty and justice, to secure the advantage to the public revenues? The second point of view in which the Bank, and of course the public, benefit by the issue of small bills, is this: These bills never come back to the Bank except to be cancelled, or to be exchanged for others. They never assume the form of a debt against the Bank. If, then, from first of October, 1826, to the first of October, 1827, the average amount afloat was \$100,000, it is plain that the Bank realized an income of \$6000, at six per cent. for the year. All Banks make a profit of similar description on their bills; but none can share in this particular gain, nor can they, upon a like amount of \$100,000 in large bills, realize, by any means, as large a profit.

Thirdly. The third item to be considered, is the profit on the discount and interest discount. This, in exhibit A, No. 1, is stated at \$27,249 46, as the nett profit of the Charleston Bank for one year, ending the second of October, 1826, after paying all the contingent expenses as well of the Bank in Charleston, as of the branches, including the salaries of the officers in Charleston. It is to be recollected also, that but for the existence of the Bank in Charleston, the salaries of many of its officers, which are now paid by the parent Bank for the common good, would be chargeable on the branches. Hence it happens, that the apparent nett profits of the Charleston Bank must always be considerably less, compared with the expenses, than those of the branches. The same item in exhibit A, No. 2, is stated at \$36,771 61, for the year ending the first of October, 1827, including in that amount the sum of \$425 50, being so much interest received on debts till then regarded as bad: the principal received being accounted for as part of the original capital. In exhibit B, Nos. 1 and 2, which are annual statements of the whole Bank concern to second of October, 1826, and first of October, 1827, the same item appears as \$70,500 for 1825-6, and at \$75,000 for 1826-7; these being the nett amount of profits, after paying all contingent expenses for each year, and replacing, in the former year, \$44,684 72 of capital, and in the latter \$47,693 81, retained out of the profits, to replace so much of the capital which had been lost by bad debts. It is worthy of remark, that these are the first years in which any bad debts had been carried to profit and loss. The common rule in Banks is, to distribute them through a series of years, by retaining portions of profit, year after year, as the bad debts accrue. It is believed not to be material which course was pursued by the Bank of the State, as the sum of \$92,378 53



would have made no difference under the existing circumstances of former years, in the amount of their discounts. The difference to the State is rather apparent than real, as they have received, up to the first of October, 1827, all that they have received under any mode of adjusting the losses. It is certainly due to the present Board to state, that most of the bad debts have been of long standing; and of the whole amount, the sum of \$55,775 28, has been lost by directors, who held seats at the Board in former years.

In connection with the subject of profits, exhibit D, No. 1, is the statement of dividends for the year ending first of October, 1826, and exhibit D, No. 2, is a similar one for the year ending first of October, 1827. The examination of this exhibit will be interesting in connection with the remarks already made on the comparative amount of the profits and the contingent expenses of the Bank in Charleston, and of the branches. It appears by these statements that the gross amount of profits for the year ending first of October, 1826, was \$152,473, and for the year ending first of October, 1827, \$159,683 90, and after deducting the losses from bad debts, and the contingent expenses of the parent Bank and its branches, the nett amount of \$70,500 was applied as the nett profit of the former year, towards the sinking fund and interest on the public debt; and the nett amount of \$75,000 was applied in like manner as the nett profit of the latter year. The exhibit marked D, No. 3, is, however, a more interesting document than either D, No. 1, or D, No. 2, as it contains the practical application of these two, (Nos. 1 and 2.) There is no bank in the State which does not consider, in the existing state of things, that it yields a very fair profit to the stockholder if it pays him six per cent. on the par value of his share: and this is generally not more than five per cent. on the market value.

The larger the capital, and the more extended and complex the business of the Bank is, the less, as a good general rule, is the relative amount of its profits. These things considered, the Bank of the State has done an excellent business for the State, since it has been able, during a series of years, from August, 1813, to 1827, to pay not only an interest of seven per cent. on the average capital, but the additional profit of \$216,939 84, beyond the seven per cent. to first of October, 1827. And this the institution has accomplished notwithstanding the competition of five other banks, the pressure of the United States Bank, and the very disordered state of mercantile affairs during the war, during a period of several years, consequent on the fictitious value of United States Bank shares in 1818, and during the recent commercial embarrassments in Europe and America, arising out of the fictitious prices of cotton in 1825.

In order to manifest still further, how amply the Bank has redeemed its promise, the following result will appear on calculation. If we go back to the year beginning first of October, 1825, and deduct from the original capital of \$1,196,220 65, the amount of bad debts, viz: \$92,378 53, (which lessened the capital so much until replaced out of the profits of the last two years) we shall find that seven per cent. on the then subsisting capital (\$1,103,842 12,) will be \$77,268 94. Deduct from this the nett profit of the year, \$70,500, and the deficiency below seven per cent. will not be two-thirds of one per cent. A similar calculation as to the past year, deducting the bad debts, replaced on first of October, 1827, viz: \$47,693 81, will give a deficiency in like manner of less than half of one per cent. The result of the whole is, that the institution has not only paid seven per cent.

on the capital employed, down to first of October last, but has actually already paid a surplus profit equal to an interest of seven per cent. on the capital for two years and a half to come: more than equal to eighteen per cent. on the capital for one year. If, therefore, the Bank should be compelled from any unforeseen contingency, to suspend business for more than two years and a half, it would still be found, at the end of that time, that it had realized seven per cent. on the capital.

Fourthly. The next item to be noticed is the account of the sinking fund for the years ending first of October, 1826, and 1827. The exhibit marked E, sets forth the same, and shows the application of the nett profits of these two years.

Fifthly. It appears by exhibit A, No. 1, that the amount due to the office of Discount and Deposits on the first of October, 1826, was \$46,000, and on the first of October last \$16,000. This sum must fluctuate from week to week, according as the bills of our Bank in circulation, are drawn into the office of the United States Bank, and are sent by it to be redeemed in specie. It is not, however, very material at present, as specie can be had for a trifle above par, whether the debt be \$16,000 or thrice \$16,000.

Sixthly. The exhibit F, shows the amount of notes discounted monthly for the two years ending first of October, 1827, by the Bank and its branches. In exhibit A, No. 2, the three first items on the credit side, give the amount of debts outstanding and due on the first of October, to the Charleston Bank, viz: of discounted notes \$754,834 90; of notes in suit \$179,757 97; and of bonds \$73,193 55. After an examination of the condition of the Bank in relation to these claims, it appeared, that of the two first items, the sum of \$48,232 94, including the debts already charged during the present year, to profit and loss, must be accounted bad; and the further sum of \$21,672 04 doubtful. Of the amount due on bonds, only the sum of \$500 appeared doubtful, and no portion of it bad. This debt is, however, secured by a mortgage of 1700 acres of land in St. Bartholomew's Parish, and upon a sale of that depends the ultimate fate of the debt.

In setting an estimate on the debts, the course taken was, to inquire, first, whether the debt were bad; if not, whether it were doubtful; and if it appeared to belong to neither of these classes, it was then considered as good. It is, moreover, as a general rule, true, that no committee, unless a very large one, selected expressly with a view to the places of residence of the debtors, could possibly form any other than an imperfect opinion. According, however, to the best of the information and judgment of the examiners on the present occasion, deciding as they would in the appraisement of an estate, or on the concerns of an individual, both of which had been well managed, they have felt justified in exhibiting the view of bad, doubtful and good debts, already presented. This part of the subject ought not to be left without noticing the state of the Directors' accounts, as drawers and endorsers. It appears by the report of 1825 that these accounts stood thus:

For December, 1822,	-	-	-	-	-	\$151,404
" " 1824,	-	-	-	-	-	117,515
" " 1825,	-	-	-	-	-	121,333

The following are the amounts due at the respective dates, viz:

First of October, 1823,	-	-	-	-	-	\$282,155
" " 1826,	-	-	-	-	-	227,849
" " 1827,	-	-	-	-	-	195,281 65

It is perfectly understood, in the transaction of Bank business, that a Director expects, and will be allowed, to become drawer and endorser to a larger amount than would be admissible in regard to the same individual if he were not a Director.

This is the settled practice of banking establishments, and in the case of private institutions, it must be considered as approved by the stockholders, unless they make some regulations to the contrary.

This, it is confidently believed, has never been done. Indeed, when it is remembered that the situation of a Director is full of responsibility, trouble and delicacy and that he receives no other compensation for his services than the advantage of borrowing money somewhat more readily, and to amount somewhat greater than he could otherwise obtain. it is obvious that he would not accept the place without such a privilege. Even where he is himself a stockholder, and has, therefore, a personal interest in the prosperity of the institution, that personal interest would not be a sufficient motive unless the advantages above mentioned were enjoyed by him, It may be stated also as a general rule, that it is just as common for Banks to lose by Directors who are, as by those who are not stockholders

And if we reflect on the very small comparative interest which a stockholder has in any given debt, unless his share of capital was very large, we shall be convinced that after all the only substantial security lies in the capacity integrity and general solvency of each director. With these qualifications, stockholders residing for the most part in the same city, are previously well acquainted, at least by reputation, and have therefore, the best opportunity of making a good choice. The great defect in the case of private banks, consists in this, that their affairs are not examined, at stated periods, by the stockholders, or by a committee of their appointment. This advantage the Legislature have wisely secured to the State by the Act of 16th December, 1842. (page 63) ; but they have not yet provided any method of securing a judicious selection of directors.

Until they shall have done this and it is very earnestly recommended to their attention, the interests of the public cannot be as well represented as they might be, and ought to be. If we look to the defectiveness of the means hitherto relied upon, it is matter of congratulation that the bank has been hitherto so well managed, rather than of surprise that it should have not lost less than the hundredth part of its capital. After providing for the stated examination of the bank, and, if practicable, it ought to be annual, the next great duty of the Legislature is to adopt some judicious plan for the election of suitable directors. In nine instances out of ten, Senators and Representatives have not, and cannot have the means of judging correctly. After all, they must depend on the knowledge of comparatively few individuals, who may be able, from local advantages, to give accurate information. Is it not better then, if such be the fact, to appoint beforehand, a small number of responsible persons, whose duty shall be to report annually a sufficient number of names, from which an advantageous selection may be made? With respect to the present board, although the amount due by directors, whether as principals or endorsers, is very considerable, yet a better selection has probably never yet been made by the Legislature ; and it is believed, that in point of capacity, integrity and general solvency, a preferable direction presides over no other institution in the city. It is then submitted to the Senate to decide, under all circumstances, whether it be not expedient, and indeed indispensable, to order an annual

investigation into the affairs of the Bank, and to provide a judicious mode of recommending suitable candidates for the directorship of the institution. With respect to the amount to which each director may be allowed to draw and endorse, it is a matter of great delicacy and difficulty to determine, whether any limit, which it would be an object to fix, can be set to this privilege. As then, it is far more important to have a capable, upright, solvent board, and to ensure frequent stated examinations, than to assign limit to a power essentially discretionary, it is deemed sufficient for the present, to recommend that the two first objects be steadily and scrupulously kept in view by the Legislature, and that they do no more than require each committee to report distinctly on the question of the expediency and practicability of setting such a limit.

The specie in the hands of the Cashier in Charleston, as appears by the exhibit A, No. 1, was, on the 2d October, 1826, \$120,852 62, at which time the debt due to the office of discount and deposit in Charleston was \$46,000; and by exhibit A, No. 2, the specie in hands was, on the 1st October, 1827, \$198,907 79, and the debt due to the said office was \$16,000, as already mentioned. Exhibit G, is a statement of the amount of specie monthly in the Cashier's hands from 1st October, 1825, to 1st October, 1827, giving a monthly average of \$143,122.

The item of Bank estate is set down at \$28,273 47, the prime cost of the banking houses in Charleston and Camden, without estimating the amount expended in preparing them for banking purposes. The sums so laid out formed a part of the contingent expenses of former years. They are correctly classed under that head: chiefly because the number of establishments similarly constructed in Charleston renders it improbable that these additions will ever enhance its market value. It is certainly otherwise as to the building in Camden, where no such competition exists and where it is much more probable, if the branch now there should cease that a private association would arise, whose interest it would be to purchase the present banking house of the State. Would it indeed be unreasonable and unjust, in such an event to make it a condition of the charter that the present banking establishment should be taken and paid for, at a fair valuation? Though such an act would be partial and unjust if the benefit were to accrue to an individual or private company yet it would be just as expedient and right as to reserve a bonus where the Legislature charter a bank, not for the common good and where such a condition would be for the public welfare. The State is indeed so entirely identified with the Bank, that the Legislature cannot be too deeply sensible of the fact. Let the people realize this truth, as one virtually affecting the best interests of the State. Let them look to the Bank as bone of their bone, and flesh of their flesh. Let them know that its fate whether it be good or evil, is their fate; that its prosperity is to them a blessing and its adversity a misfortune. Let them not ask too much, nor despond even if their reasonable expectations be not always fulfilled. Let them consider the chances and changes which have cheered and embarrassed the whole period of its existence. Let them remember the condition of all other similar institutions in the State, the memorable depreciation of property, and the great extent to which the regular income and the contingent profits of the farmer and merchant have been diminished.

Such reflections will teach the friends of the Bank that it has done far more than they had a right to expect. Such reflections will teach those

who are not its friends, that they cannot justly and consistently condemn it on any principle which will not equally apply to every other institution, and to almost all their fellow citizens.

But let not the Bank be a favorite. Give to it the full measure of justice and candor, but give it no more. Deal with it as a public servant entrusted with important powers, and laid under no ordinary responsibility, for the faithful discharge of its duties. Let it then be watched, scrupulously, anxiously, unremittingly. Subject it to a discipline regular and strict, yet tinged with no jealousy, suspicion, or illiberality. But above all, let not the Senators and Representatives forget, that, while the fate of the bank depends, to an incalculable extent, on the capacity, integrity and solvency of the board, they themselves are the chief authors of its misfortunes, if they neglect the vigilant, constant superintendence of its affairs, and appoint, through carelessness or want of information, unsuitable persons as directors. The adoption, then, of some permanent, judicious system, to enable the Legislature to do their duty, is a measure equally recommended by sound policy and by a sense of justice to the Bank, as well as to the community.

THOS. S. GRIMKE,

*Chairman of Committee of Senate.*



## A 2.

*Bank of the State of South Carolina, Monday, October 1st, 1827.*

Dr.	Cr.	
Capital.....	1,196,220 65	Bills and Notes discounted.....754,834 90 }
Bank Notes issued.....	1,743,450 00 }	Do. do. in suit.....179,757 97 }
Do. under \$1.....	114,307 50 }	Bonds and Mortgages.....
Discount Account.....	36,346 11 }	Cash.....
Profit and Loss.....	425 50 }	Specie, Cashier.....198,907 79 }
State Treasury.....		Do. Bank Notes do.....672,110 00 }
Do for Sinking Fund.....		Bank Notes and Specie, Tellers.....56,046 54 }
Office of Discount and Deposite.....		Branch Bank Columbia.....1,002,478 72 }
Individual Deposites.....		Do. Georgetown.....515,129 33 }
		Do. Camden.....384,383 65 }
		State Bank Stock.....101,400 00 }
		Bank Estate.....28,273 47 }
		Real Estate.....3,500 00 }
		3 per cent. State Stock.....29,880 95 }
		6 " " ".....3,281 15 }
	94,003,178 02	94,003,178 02
		934,592 37
		73,193 55
		927,664 33
		1,901,991 70
		133,173 47
		33,162 10
		94,003,178 02

CHARLESTON, 1st October, 1827.

B 1.

*Annual Statement of the Bank of the State of South Carolina.*

Dr.		Cr.	
Capital.....	1,196,220 65	Bills and Notes discounted.....	2,556,843 62
Bank Notes issued.....	1,705,850 00 {	Bills and Notes in suit.....	143,140 97
Do. under \$1.....	121,727 50 {	Bonds and Mortgages.....	112,532 49
State Treasury for Sinking Fund.....	235,506 99 }	1014 Shares State Bank.....	101,400 00
Discount and Interest received.....		Bank Estate.....	29,048 47
and transferred to Sinking Fund.....	70,500 00 }	3 per cent. State Stock.....	29,880 95
Office of Discount and Deposite.....		6 " ".....	3,281 15
Individual Deposites.....		Due by Cheraw Bank.....	10,140 00
		Due by Treasury at Columbia.....	
		" " " Charleston.....	5,416 60
		Cash.....	
		Specie.....	126,451 40 }
		Notes of this Bank on hand.....	818,170 00 }
	<u>\$3,936,305 65</u>		<u>944,621 40</u>
			<u>\$3,936,305 65</u>

CHARLESTON, 2d Oct., 1826.



## B 2.

*Annual Statement of the Bank of the State of South Carolina.*

Dr.		Cr.	
Capital.....	1,196,220 65	Bills and Notes discounted.....	2,473,943 63
Bank Notes issued.....	1,743,450 00 }	do in suit.....	141,840 66
Do under one dollar.....	114,307 50 }	Bonds and Mortgages.....	115,472 43
State Treasurer for Sinking Fund.....	231,360 04 }	1014 Shares in State Bank.....	101,400 00
Discount and Interest received and transferred to Sink- Fund.....	75,000 00 }	Bank Estate.....	28,273 47
State Treasury at Charleston.....	447,739 22 }	Real Estate.....	7,729 65
Due to " Columbia.....	219,024 27 }	3 per cent. State Stock.....	29,880 95
Office of Discount and Deposit.....		6 " ".....	3,281 15
Individual Deposites.....		Due by Bank of Cheraw.....	10,180 00
		Cash.....	
		Specie.....	204,931 09
		Notes of this Bank.....	
		On hand.....	823,860 00
	<u>\$3,940,739 03</u>		<u>1,028,791 09</u>
			<u>\$3,940,793 03</u>

CHARLESTON, 1st October, 1827.

C.  
Bills issued by the Bank of the State of South Carolina, on the 1st November, 1827.

		Outstanding.
By total amount of one dollar Bills issued to this day	332,000 }	
By " " two dollar Bills issued to this day	196,000 }	\$136,000 00
By " " five dollar Bills issued to this day	514,400 }	
By " " ten dollar Bills issued to this day	204,000 }	310,400 00
By " " twenty dollar Bills issued to this day	484,000 }	
By " " forty dollar Bills issued to this day	187,950 }	396,050 00
By " " eighty dollar Bills issued to this day	483,000 }	
By " " one hundred dollar Bills issued to this day	120,000 }	363,000 00
Now under seal in Bank		
		\$363,000
		152,000
In circulation		
By total amount of twenty dollar Bills issued to this day	211,000 }	
By " " fifty dollar Bills issued to this day	768,000 }	
By " " one hundred dollar Bills issued to this day	260,000 }	509,000 00
Under seal		
		508,000
		446,000
In circulation		
By total amount of 100 Bills issued to this day	68,000 }	
By " " two hundred Bills issued to this day	680,000 }	
By " " five hundred Bills issued to this day	680,000 }	30,000 00
In Bank		
		30,000
		9,000
In circulation		
Bills under one dollar issued	21,000 }	
By " " five dollar Bills issued	248,768 19 }	
By " " ten dollar Bills issued	134,460 69 }	114,307 50
1st October, 1827.		\$1,857,757 50

D 1.  
Annual Statement of the Bank of the State of South Carolina and its Branches, Exhibiting the Dividends.

1826.		1826.	
Oct. 1.		Oct. 1.	
To Charleston Bank, contingent expenses.....	\$19,430 89	By Charleston Bank, discount and interest received,	\$46,680 35
" Columbia Branch do .....	7,127 12	" B. B. Columbia, do do .....	51,123 98
" Georgetown do do .....	5,453 09	" B. B. Georgetown, do do .....	32,704 43
" Camden do do .....	5,279 08	" B. B. Camden, do do .....	21,965 14
" Profit and Loss account.....	44,684 73		
" Sinking Fund, for payment of interest and redemption of 5 and 6 per cent. stock }	70,500 00		
	<u>\$152,473 90</u>		<u>\$152,473 90</u>
CHARLESTON, 1st Oct. 1827.			

D 2.  
Annual Statement of the Bank of the State of South Carolina and its Branches, Exhibiting the Dividends.

1827.		1827.	
Oct. 1.		Oct. 1.	
To Charleston Bank, contingent expenses.....	\$19,254 20	By Charleston Bank, discount and interest received,	\$55,910 26
" B. B. Columbia, do do .....	6,798 52	" B. B. Columbia.....	49,034 56
" B. B. Georgetown, do do .....	5,817 06	" B. B. Georgetown.....	32,427 49
" B. B. Camden, do do .....	5,120 31	" B. B. Camden.....	21,311 59
" Profit and Loss account.....	47,693 81		
" Sinking Fund for State of S. C. for payment of } interest and redemption of 5 & 6 per ct. stock, }	75,000 00		
	<u>\$159,683 90</u>		<u>159,683 00</u>
CHARLESTON, 1st. Oct. 1827.			

## D 3.

*Statement of the Profits of the Bank, continued from the Report of 1825.*

		Interest at 7. per cent.	Paid to the Treasury.	Profit above 7 per cent.	Less than 7 per cent.
Average Capital for the year ending 1st Oct. 1826.	\$1,196,220 65				
Sinking Fund.....	230,696 90				
	\$1,475,917 55				
Average Capital for the year ending 1st Oct. 1827.	1,196,220 65	\$103,314 22	\$70,500	Old balance,	\$22,814 22
Sinking Fund.....	306,006 99	105,155 93	75,000	\$279,909 99	30,155 93
	\$1,502,227 64		Deduct loss,		\$62,970 15
				62,970 15	
				\$216,939 84	

Leaving still, after allowing interest on the Sinking Fund, a balance which the Bank has yielded to the State, of \$216,939 84 over and above 7 per cent. on all the money it has had at its disposal, and after having repaired every loss which it has sustained. For the few debts which may be considered doubtful, out of an outstanding debt of \$2,731,256 72, are covered by arrearages of interest on good debts, which are suspended and in suit.

It must also be remembered that the Bank, from its first commencement, has never charged interest on its advances to the State, although, for many years, those advances were very great, and at one time amounted to \$420,000 00.

STEPHEN ELLIOTT, *President.*

1st October, 1827.

E.

*State Treasury for Sinking Fund of the State of South Carolina, for Interest and Redemption of 5 and 6 per Cent. Stock.*

	1825.		1826.		1827.	
	Dec. 31.--	To cash paid 1 qr's interest \$17,032 73	Oct. 31.--	By balance.....	Oct. 31.--	By balance.....
March 31.		" " " 19,092 14		" net profits of last year.....		" net profits of last year.....
June 30.-		" " " 17,959 63				
Sept. 30.-		" " " 16,735 32	\$ 70,819 82			
		Balance.....	306,006 99			
			\$376,826 81			\$376,826 81
Dec. 31.--		To cash paid 1 qr's interest.. 17,618 18		By balance.....		By balance.....
March 31.		" " " 18,633 84		" net profits of past years.....		" net profits of past years.....
June 30.-		" " " 16,493 83				
Sept. 30.-		" " " 21,900 50	\$ 74,646 35			
		Balance.....	306,360 64			
			\$381,006 99			\$381,006 99
				By balance.....		By balance.....
						\$306,360 64

G.

*Exhibit of the Monthly Amount of Specie in the Vaults of the Bank of the State of South Carolina, from October, 1825, to September, 1827.*

Year.	Month.	Charleston.	Columbia.	Georgetown.	Camden.	Total amount.
1825.	October.....	1,037,114	50,864	336	16	2,809,101 03
	November.....	1,027,105	114,772	632	66	2,803,870 51
	December.....	1,036,792	38,863	722	18	2,793,519 07
	January.....	1,023,753	35,844	826	57	2,765,998 92
1826.	February.....	1,040,439	92,839	674	51	2,768,564 34
	March.....	1,044,042	43,809	868	40	2,742,933 90
	April.....	1,042,241	73,797	656	37	2,728,842 80
	May.....	1,034,063	56,807	485	33	2,741,954 37
	June.....	1,039,005	00,802	554	58	2,737,607 78
	July.....	1,052,693	80,795	272	66	2,747,493 10
	August.....	1,048,835	00,737	822	87	2,749,594 01
	September.....	1,041,966	71,800	675	08	2,747,679 92
	October.....	1,037,064	70,837	325	58	2,783,159 73
	November.....	990,564	17,813	028	69	2,705,993 57
	December.....	970,093	76,779	914	02	2,637,587 94
	January.....	969,683	75,772	252	12	2,620,175 07
1827.	February.....	936,964	73,755	034	02	2,551,558 98
	March.....	958,443	48,743	796	54	2,560,754 55
	April.....	974,854	30,744	372	46	2,587,642 19
	May.....	953,245	14,752	769	94	2,594,118 78
	June.....	971,435	00,780	401	28	2,632,407 83
	July.....	954,176	47,794	692	30	2,642,599 35
	August.....	929,567	00,817	939	97	2,649,920 24
	September.....	933,775	47,824	880	16	2,657,494 20

Charleston, 21st October, 1827.

F.

*Amount of Discounted Notes of the Bank of the State of South Carolina, and its Branches, Monthly, from October, 1825, to September, 1827.*

Year.	Month.	Charleston.	Columbia.	Georgetown.	Camden.	Total amount.
1825.	October.....	1,037,114	50,864	336	16	2,809,101 03
	November.....	1,027,105	114,772	632	66	2,803,870 51
	December.....	1,036,792	38,863	722	18	2,793,519 07
	January.....	1,023,753	35,844	826	57	2,765,998 92
1826.	February.....	1,040,439	92,839	674	51	2,768,564 34
	March.....	1,044,042	43,809	868	40	2,742,933 90
	April.....	1,042,241	73,797	656	37	2,728,842 80
	May.....	1,034,063	56,807	485	33	2,741,954 37
	June.....	1,039,005	00,802	554	58	2,737,607 78
	July.....	1,052,693	80,795	272	66	2,747,493 10
	August.....	1,048,835	00,737	822	87	2,749,594 01
	September.....	1,041,966	71,800	675	08	2,747,679 92
	October.....	1,037,064	70,837	325	58	2,783,159 73
	November.....	990,564	17,813	028	69	2,705,993 57
	December.....	970,093	76,779	914	02	2,637,587 94
	January.....	969,683	75,772	252	12	2,620,175 07
1827.	February.....	936,964	73,755	034	02	2,551,558 98
	March.....	958,443	48,743	796	54	2,560,754 55
	April.....	974,854	30,744	372	46	2,587,642 19
	May.....	953,245	14,752	769	94	2,594,118 78
	June.....	971,435	00,780	401	28	2,632,407 83
	July.....	954,176	47,794	692	30	2,642,599 35
	August.....	929,567	00,817	939	97	2,649,920 24
	September.....	933,775	47,824	880	16	2,657,494 20

R. YEADON, Deputy Cashier.

[1829.]

## FROM THE COMMITTEE APPOINTED IN 1828.

The Joint Committee appointed under a Resolution of the Legislature at its last session, to investigate the condition of the Bank of the State of South Carolina, in Charleston, convened at the banking house on the 13th day of May, and beg leave to report the result of their examination, which was diligently prosecuted from day to day, for ten days, which brought them to a close of their duties.

The first document which your committee beg leave to present to you, is the general statement of the Bank of the State of South Carolina, comprised within twenty-two columns, and embracing a period of one year, that is from the first of May, eighteen hundred and twenty-eight, to the first of May, eighteen hundred and twenty-nine.

The first vertical column comprises dates of intervals of one month each, and embracing a period of one year: opposite to each date is carried out the condition and operations of the Bank at that period: Thus presenting a synopsis of the condition and transactions of the institution monthly, for one year, namely, from the first day of May, eighteen hundred and twenty-eight, to the corresponding date of the subsequent year. The second column is under the head of Capital, upon which the committee would beg to remark, that on the first of October, eighteen hundred and twenty-five, the amount of capital was stated at one million one hundred and ninety-six thousand two hundred and twenty dollars and sixty-five cents; and on the first of May, eighteen hundred and twenty-nine, at one million one hundred and fifty-six thousand three hundred and eighteen dollars and forty-eight cents, showing a reduction of capital between those dates of thirty-one thousand nine hundred and two dollars and twenty-seven cents. This reduction of capital has been caused by the Bank having redeemed and delivered to the Comptroller General, three per cent. Stock of the State, to the amount of thirty-six thousand six hundred and twenty-one dollars and two cents; and of the six per cents. three thousand two hundred and eighty-one dollars and fifteen cents, as vouched by his receipts.

The third column of Document No. I, states the amount of Bank notes issued, which vary at different periods of the year; being, on the first of May, eighteen hundred and twenty-eight, one million nine hundred and thirty-four thousand four hundred and forty-five dollars; and at the corresponding period, in eighteen hundred and twenty-nine, one million five hundred and thirty-two thousand one hundred and ninety-five. The fourth column is a statement of the discount and interest received, being one hundred and sixty-two thousand nine hundred and fifty eight dollars and eighty three cents, from the first day of October, eighteen hundred and twenty-seven, to the first of October, eighteen hundred and twenty-eight, and eighty-eight thousand nine hundred and seventy-seven dollars and twenty-one cents, the amount received from the last mentioned date, to the first day of May, eighteen hundred and twenty-nine. The fifth column, under the head of State Treasury for Sinking Fund, exhibits the amount paid into the Bank by the State Treasury on account of the Sinking Fund, in conformity with an Act of the Legislature. The sixth column, under the head of State Treasury, exhibits the amount paid into the Bank by the Treasury from time to time. The seventh column, under the head of "Due by State

Treasury," exhibits the amount advanced by the Bank, for the Treasury, from time to time. Under the eighth column, headed Office of Discount and Deposit, is exhibited the amount due to that institution, at the specific dates there set forth. And the ninth column exhibits the amount due by that institution to the Bank of the State. The tenth column, under the head of State Bank shares, amounting to one hundred and one thousand four hundred dollars; or, one thousand and fourteen shares of the State Bank, in possession of the Bank of the State. On this statement the committee would beg leave to remark, that in eighteen hundred and twenty-one, when only nine hundred and fourteen of those shares were reported as belonging to the Bank, one hundred shares which had been pledged as security on a note, and the retention of which was litigated in the Court of Equity, have been added to the stock by a favorable decision of the Court. The eleventh column exhibits the amount loaned on bonds and mortgages at Bank and its Branches. Forty-eight thousand eight hundred and two dollars and forty-one cents is loaned in the Bank in Charleston. The twelfth column exhibits the amount of Bills and Notes discounted, of which six hundred and fifty nine thousand six hundred and thirty-six dollars and eighty-one cents, was loaned in Charleston. This statement is exclusive of Bonds and Notes in suit. The thirteenth column exhibits the amount of Specie in Bank. The fourteenth column exhibits the amount of the Notes of the Bank of the State, then in Bank. The fifteenth column exhibits the amounts of the notes of the City Banks in possession of the Bank of the State. The sixteenth column is an exhibit of the expenses of the Bank of the State and its Branches for the period therein set forth. The seventh column, under the head of "Real Estate," is property taken in order to secure debts due to the Bank by defaulting creditors.—The eighteenth column, under the head of "Bank Estate," shews the valuation of the banking house, the property of the Bank. The nineteenth column exhibits the amount deposited by individuals, from time to time. The twentieth column, under the head of "Profit and Loss to the Credit," shews the amount hitherto carried to the account of profit and loss, and received since the last report of the Bank to the Legislature. The twenty-first column, under the head of "Profit and Loss account debit," shews the amount carried to that account agreeably to the dates therein specified, namely, from May to October, eighteen hundred and twenty-eight. The last column exhibits the three per cent. stock of the State held by the Bank, and which has not yet been delivered to the Comptroller, to be cancelled. The committee next bring to the view of the Legislature the statement of the losses of the Bank, from the date of its institution up to the first day of May, eighteen hundred and twenty-nine, amounting to one hundred and sixty thousand four hundred and seventy dollars and forty-seven cents; and here the committee consider it to be their duty to state, that of this sum the losses accruing by persons who have been placed in the direction of the institution, amounts to one hundred and one thousand seven hundred and three dollars and two cents, as drawers and endorsers, and by all other customers, fifty-eight thousand seven hundred and sixty-seven dollars and fifty five cents. The next statement is the amount of Notes in suit, which, on the first of May, eighteen hundred and twenty-nine, was one hundred and fifty-seven thousand nine hundred and sixteen dollars and thirty-nine cents; of this amount, the committee, after minutely investigating the facts, and upon the best evidence they could obtain, determined that one hundred and twenty-seven thousand eight hundred and seventy-nine dollars and nineteen



cents, is recoverable—eighteen thousand three hundred and seventeen dollars, as doubtful—and eleven thousand seven hundred and twenty, as bad ; and the committee would further remark, that at a meeting at the Bank in October, they found that more than eighteen thousand dollars had been paid up on the first item of the last named account since their meeting in May. The amount loaned on Bonds and Mortgages in Charleston, is forty eight thousand eight hundred and two dollars ; all of which, with the exception of five hundred dollars, is considered to be well secured. The committee, having conducted their scrutiny with minute attention, upon the best evidence they could obtain, come to the conclusion, that of the bills and notes discounted and not in suit, the sum of five thousand one hundred and seventeen dollars is bad, and the further sum of eight thousand four hundred and fifty dollars is doubtful. It is probable that at the ensuing report of President and Directors of the Bank, a portion of the last named amounts may be carried to the account of bills and notes in suit.

The committee having thus given a detailed statement of the situation of the Bank, would remark, that they came to a unanimous conclusion, that the institution is sound and prosperous ; and the only change they would recommend in its administration, is that portions of the debts due to the Bank should be more uniformly, and in larger instalments, called in, and accounts either closed or reduced.

But convinced how much this proceeding must be regulated by various circumstances of which the Directors alone can have the competent knowledge, they are not prepared to recommend any change in the charter.—From the best information your committee could obtain, the strict principles of banking, namely discounting notes and bills of exchange, which are made for short periods, and at their maturity paid up, is practised by none of the banking institutions of Charleston ; it therefore follows that no individual institution can strictly pursue this course, without danger of losing many of its most profitable customers, and injuring its interests. In pursuing their investigation, your committee acknowledge the prompt and cheerful aid of the President and other officers of the institution. Under the administration of the first named officer, the bank was organized, and has continued to yield to the State a valuable revenue : sustained by his intelligence and integrity, we feel confidence in its continuance, prosperity and usefulness. In our investigation, each department of the Bank was carefully scrutinized, the books and accounts examined, and the public offices having transactions with it searched, the cash counted, and all the departments found correct and conformable to their several statements : and here the committee will take occasion to remark that no losses or defalcations have occurred to the bank by any of its officers ; which statement, so highly honorable to them in the discharge of important trusts, your committee have great pleasure in bringing to the notice of the Legislature. Your committee, in conformity with a resolution of the last session, herewith submit statements showing the number of officers employed in the other banking establishments in Charleston, and their salaries, as well as the statement to the same effect of the Bank of the State, together with the duties performed by each, accompanied with remarks of the President on the same.

<i>Office of Discount and Deposit.</i>		<i>South Carolina Bank.</i>	
President,	\$2,000	President,	\$2,000
Cashier,	3,000	Cashier,	2,000
Teller,	1,580	Book-Keeper, Transfer and	
Book-Keeper,	1,380	Collection Clerk,	1,600
Discount Clerk,	1,400	Teller,	1,500
Out Door Clerk,	996	Discount Clerk and Bill Book	
Senr. Ass't Clerk,	900	Keeper,	1,500
Junr. " Clerk,	800	Assistant Clerk,	800
Porter, with residence,	696	Out-Door Clerk and Porter	
Collection Clerk,	1,200	furnished with a house,	700
Solicitor,	500		
			<hr/>
	\$17,420		\$10,100
			<hr/>
<i>Planters' and Mechanics' Bank.</i>		<i>Union Bank.</i>	
President,	\$2,500	President,	\$2,000
Cashier,	2,000	Cashier,	2,000
Book-Keeper,	1,600	Teller,	1,500
Teller,	1,500	Book-Keeper,	1,400
Discount Clerk,	1,300	Discount Clerk,	1,300
Collection Clerk,	1,000	Out-Door Clerk,	1,000
Transfer Clerk,	1,000		
			<hr/>
	\$10,900		\$9,200
Teller omitted,	1,500		<hr/>
	<hr/>		
	\$12,400		
		<i>Bank of the State of South Carolina.</i>	
		President,	\$3,000
		Cashier,	2,500
		Deputy Cashier,	1,800
		Teller,	1,800
		Teller,	1,800
		Book Keeper,	1,800
		Discount Clerk,	1,500
		Porter,	900
			<hr/>
			\$15,100
			<hr/>
<i>State Bank.</i>			
President,	\$2,000		
Cashier,	2,000		
Teller,	1,400		
Book-Keeper,	1,300		
Discount and Transfer Clerk,	1,200		
Ass't and Out-Door Clerk,	800		
	<hr/>		
	\$8,700		
	<hr/>		

*Resolved*, That the Committee appointed to examine into the affairs of the Bank of the State of South Carolina, do report the number of officers of said Bank and its several branches, the duties of those officers respectively, and the amount of their salaries, and the proportion that those salaries bear to the officers of the like kind in the other Banks of the State, and also the proportion in the number of officers with the other Banks of this State.

JACOB BOND I'ON,  
*Chairman of the Joint Committee.*

*Statement of the Profits of the Bank, continued from the Report of 1825.*

Average capital for the year ending 1st October 1826.....	\$1,196,220 65	Interest at 7 per cent.	Paid to the Treasury.	Profits above 7 per cent. old balance.	Less than 7 per cent.
Sinking Fund,.....	279,696 90		70,000 00		32,814 22
	\$1,475,717 55	103,314 22		279,909 99	30,155 93
Average capital for the year ending 1st October, 1827.....	\$1,196,220 65	Interest at 7 per cent.	Paid to the Treasury.	Deduct loss,	62,970 15
Sinking Fund,.....	306,006 93				
	\$1,504,227 64	105,155 93	75,000 00		
Copied from the Report of 1827.					
Continued to the 1st October, 1829.					
Average capital for the year ending 1st October, 1828.....	\$1,156,318 43	Interest at 7 per cent.	Paid to the Treasury.	Profit above 7 per cent.	216,939 84
Sinking Fund,.....	221,377 31				
	\$1,377,694 79	96,438 70	113,802 95	17,364 25	
Average capital for the year ending 1st October, 1829.....	\$1,156,318 48	Interest at 7 per cent.	Paid to the Treasury.	Profits above 7 per cent.	13,470 40
Sinking Fund,.....	251,251 31				
	\$1,407,569 79	98,529 60	112,000 00	247,774 49	

*General Statement of the Bank of the State of South Carolina, from May 1, 1828, to May 1, 1829.*

	CAPITAL.	Bank Notes issued.	Discount and interest received.	State Treas. Fund.	State Treasury.	Due by State Treasury.	Office Dis-count and Deposit.	Due by Office Dis-count and Deposit.	State Bank Shares.	Bonds on Loans.
1828. May 1,	1,156,318 48	1,934,445	91,588 12	245,189 17		63,680 26	17,000		101,400 00	114,588 59
June 1,		1,936,045	106,000 67	243,106 17	37,531 93		86,000			114,088 59
July 1,		1,910,545	119,610 26	237,789 74	136,883 51		17,000			116,088 59
August 1,		1,886,045	132,760 83	228,247 86	153,280 73		54,000			115,858 59
September 1,		1,886,045	145,144 66	221,482 31	133,186 16		55,000			115,858 59
October 1,		1,888,245	162,953 83	206,993 00	118,907 04		50,000			115,858 59
November 1,		1,830,395	13,101 03	316,232 94	104,923 35		50,000			115,858 59
December 1,		1,531,995	23,415 63	313,278 20	96,243 62		110,000			115,858 59
1829. January 1,		1,534,795	36,913 95	300,748 78	21,047 50	27,701 71	10,000	32,000 00		116,786 73
February 1,		1,521,395	51,486 36	292,477 71		46,421 25		45,000 00		116,636 73
March 1,		1,524,995	64,312 08	292,955 92		76,045 93		50,000 00		113,968 73
April 1,		1,531,795	77,319 41	276,548 04		93,651 79				91,110 89
May 1,		1,532,195	86,977 21	272,563 11						90,844 96

	Bills & Notes Discounted.	Specie.	B'r. Notes of this Bank.	Notes of City Banks.	Expenses.	Real Es-tate.	Bank Es-tate.	Individual Deposits.	Profit and Loss ac't to the credit.	Profit and Loss ac't to debit.	3 per ct. State Stock.
1828. May 1,	2,692,857 83	211,009 55	747,608		21,900 82	9,719 43	28,273 47	554,976 82	3,771 98		
June 1,	2,683,631 35	149,901 23	891,856		24,283 50	9,719 43		533,284 44			
July 1,	2,690,386 06	155,649 33	894,150	16,000	27,734 42	9,719 43		463,474 48			
August 1,	2,681,331 42	155,931 31	876,781	21,500	31,092 35	9,719 43		431,403 48			
September 1,	2,691,269 11	105,496 42	919,638		32,789 47	16,618 43		408,430 44			
October 1,	2,733,318 97	91,540 61	834,996		32,713 86	16,618 43		384,345 43			
November 1,	2,813,535 79	73,041 87	738,563		3,736 12	16,618 43		373,331 07			
December 1,	2,793,549 79	76,534 21	381,186	24,000	5,497 08	16,618 43		357,193 98			
1829. January 1,	2,793,308 07	85,188 15	268,710	114,000	9,365 00	16,369 43		392,107 71	17,209 40		
February 1,	2,793,569 39	97,078 99	221,346	95,850	12,467 25	16,369 43		433,404 19			
March 1,	2,659,018 46	110,202 21	260,751	113,400	15,136 35	16,369 43		497,006 23			
April 1,	2,627,712 54	123,678 42	330,129	105,400	19,139 13	20,130 43		526,315 62			
May 1,	2,605,504 76	128,523 73	356,786	134,000	21,493 81	20,130 43		613,988 11			1,984 00

I have, in pursuance to the request of the committee, furnished them with an abstract from our books, of the duties of the several officers. The following explanation may perhaps be also proper.

When our Bank was first established, we appointed, as was usual then in every similar institution, two Tellers, two book keepers, a discount clerk, a collection and discount clerk, and an out door clerk and porter. In most of the Banks even then, the collection, the assistant clerk, the out door clerk and porter, were separate offices. These offices were modified with us, and two officers appointed instead of four. At that time we had no branches, although we were preparing to establish one at Columbia.

Since then, we have suppressed one of the book keepers, and increased the salary of the other, on account of his performing the duties of both, besides other tasks which have been imposed upon him.

We have also suppressed the office of collection and assistant clerk, and distributed his duties among other officers, giving to the deputy Cashier the charge of the cash book, to the discount clerk the duties of collection clerk, and to the out door clerk the care of the checks.

The Tellers we have deemed it proper to retain, because the settlement of our accounts and money transactions with our branches and other Banks, gives us frequently much of what may be termed extra business, and because if we had but one, we have no superfluous officer in the Bank to take his place, in case of sickness or unavoidable absence.

It may be necessary, also, to remark, that the issuing of small bills throws upon all the officers of this bank an additional duty. In every one or two dollar bill which is issued, the hand writing of six officers is inserted. Frequently one of the Tellers is kept constantly engaged in this occupation, while the other transacts the ordinary business of the Bank.

There is one tribute due to the officers of the Bank, which it gives me pleasure to pay. It is, that since the establishment of the institution, not one dollar has been lost, either in the parent Bank or in its branches, through the defalcation or malfeasance of any one of its officers.

Respectfully submitted,

October 15, 1829.

S. ELLIOTT.

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*Statement of the Officers of the Bank, and their various Duties.*

The following rules for the direction and government of the officers of the Bank of the State of South Carolina, were adopted on the 10th May, 1819.

*Resolved*, That the following shall be the duties of the Cashier.

1. He shall keep a book of daily cash balances in the Bank, which he shall add up every day after 2 o'clock, A. M.

2. He shall keep a ledger of general accounts of the Bank, which he shall add up.

3. He shall keep a weekly statement book, containing the general statement of all the transactions of the Bank, which he shall lay before the board weekly; together with such of his books as the board shall at any time require.

4. He shall receive weekly from the discount clerk, all such notes and acceptances as have been discounted weekly into his charge, and for which he shall give the discount clerk a receipt in a book, to be made out weekly

by the discount clerk, called a weekly return of notes discounted, at the foot of each such weekly return.

5. He shall weekly deliver over to the teller, all such notes and acceptances as have been discounted before they become due, and as shall become due in such week; for which he shall require the tellers, respectively, to give him a receipt for such notes and acceptances as each of them shall receive from him, in the book called a weekly return of notes discounted, and made out weekly, by the discount clerk, for that purpose.

6. He shall countersign all the bills of this Bank that have been signed by the President, and keep a register of them in a book to be kept by him for that purpose, in which he shall state every particular respecting the said bills, as a check book, to detect any altered and counterfeit bills of this Bank, should any such be hereafter presented at the Bank for payment.

7. He shall take charge of all such bonds and notes as are given to the Bank, for loans secured by mortgage on real or personal property, together with such mortgages, titles and other papers accompanying the same; he shall fold up and endorse thereon the date of such loan or loans, the name or names of such borrowers and mortgagors, and the sums so loaned, and put them up in alphabetical order.

8. He shall keep a book, in which he shall enter alphabetically the names of all such persons whose bonds, notes, mortgages, assignments, titles or other papers, may be given to the Bank for any loan, or lodged with the Bank as a collateral security for any debt due to the same; and he shall take charge of all such papers which may be lodged as aforesaid, fold them up and endorse thereon the date when so given or lodged with the Bank, the name or names of the persons giving or lodging the same, the amount or description of each, and put them up in alphabetical order.

9. He shall keep a book of deposits for safe keeping, such as trunks, boxes, plate or other articles.

10. He shall keep a book containing an alphabetical list of all the names of such persons as shall from time to time give powers of attorney to different persons to transact their business at this Bank for them, in which the nature and extent of such power of attorney shall be stated; and he shall take charge of all such powers of attorney, endorse thereon the date when given, the names of the parties to the same, the nature and extent of such powers, and put them up in alphabetical order.

11. He shall keep a letter book, in which he shall keep copies of every letter he shall write to any person on the business of the Bank.

12. All letters addressed to him on the business of the Bank, and all statements and papers that shall, from time to time, come into his hands, touching the same, shall be carefully preserved by him, folded up and then dated when received, the names of the parties, the subject matter of such letter shall be endorsed thereon, and the said letters put up in alphabetical order.

13. He shall every day, after 2 o'clock, P. M. examine the Tellers' counter books, and see that every entry duly made therein, and that the balances therein struck daily by them, are correct; if so, he shall certify the same at the foot of each and every of the tellers' daily accounts in their said books.

14. He shall, every day at 2 o'clock, P. M. examine and see that all the entries daily made in the tellers' counter books, books of cash on deposit, checks paid, &c. are duly entered (alphabetically, if possible,) by the col-

lection clerk, in the daily cash book of the bank, to be kept by him, the said collection clerk, for that purpose; and that the balances struck therein daily, are correct. If so, he shall certify the same at the foot of each and every of such daily balances in the said daily cash book of the Bank.

15. He shall, from time to time, under the authority of this board, give directions to the tellers, respecting the receiving and paying of all monies.

16. He shall keep a book in which every note or acceptance that may have been discounted, or any bond or note given for a loan under mortgage, or any bond, note, mortgage, assignment or any other evidences of debt that may have been given to the Bank, or lodged as a collateral security to any debt due the same, and which shall have been put in suit for the recovery thereof, shall be entered by him alphabetically, and state particularly when put in suit. By what attorney, when judgment was entered up, and in what District, when execution entered into the Sheriff's office, what Sheriff's office, the amount of the judgment, if paid, and when.

17. He shall make off weekly, in the weekly return book of notes and acceptances discounted, all such notes and acceptances as have been paid or may be protested.

18. He shall keep all the money, notes, bonds, evidences of property, and specialties of every description belonging to or appertenant to the Bank, within the inner vault, with the following exceptions, his own bond, which (after being duly recorded) shall be placed in the hands of the President, and such notes or bonds as may pass into the hands of the Tellers, Notary or Solicitor of this Bank.

19. He shall require and enjoin transfers of all such sums of money as may be in the hands of the Tellers amounting to more than is sufficient for the ordinary business of the Bank; he shall require from the Tellers a weekly transfer of all mutilated bills above the denomination of one dollar, which may accumulate in their hands, and submit them for the purpose of being cancelled, to the board of Directors, at their usual days of meeting.

20. It shall be his duty to see that every officer hereafter mentioned, attends regularly and constantly every day in this Bank, and discharges his duty promptly and with civility to every person who may, at any time, have any business to transact with the Bank.

The following shall be the duties of the Deputy Cashier:

1. He shall keep a weekly statement book, to be made out alphabetically, of the amount of every person's debt, respectively, to the Bank, and also the amount of every person's endorsements on notes and acceptances discounted by the same.

2. He shall receive and exchange, daily, all such small mutilated bills of this Bank as shall be presented to him in Bank; put them up in bundles of one hundred bills in each bundle, endorse thereon the number of bills in each bundle, and the amount thereon, after which he shall hand them over to the Tellers.

3. He shall examine the calculations of the weekly discounts in the discount books; examine daily the entries in the personal ledger; examine the Book Keeper's monthly balance sheet of the personal ledger; examine the Book Keeper's semi-annual general balance sheet of his personal ledger; and examine the daily entries made by the Collection Clerk in the daily cash book of the Bank, which, if found by him to be correct, he shall, at the foot of every such statement, certify the same.

4. He shall keep a ledger of general accounts of the Bank, which he shall post up daily.

5. He shall keep a ledger of discounts on stock of every kind, in which he shall particularly state the amounts of such kind of stock on deposit, to secure the payment of such discounts, and note the time when such discounted notes are paid.

6. He shall keep a ledger of loans on mortgage of lands and negroes.

The following shall be the duties of the Tellers :

1. Each of them shall keep a counter book, in which he shall respectively enter daily all of his transactions, as Teller for the day.

2. Each of them shall, every day after two o'clock P. M. add up his accounts and daily transactions in the Bank, strike their balances, and note down at the end of their said daily transactions, under general heads, the amount of checks paid, amounts of deposits, &c. &c. in order that the Cashier may be enabled daily to examine the same, at the time aforesaid ; and if such entries and balances shall be found by the Cashier to be correct, he shall daily certify the same at the foot of each and every such of their daily accounts and transactions.

3. They shall receive weekly from the Cashier, all such notes and acceptances as have been discounted and shall become due in the course of the said week ; for which they shall respectively give him a receipt in a book to be made out weekly by the Discount Clerk, and kept for that purpose by the Cashier, called a weekly return book of notes and acceptances discounted.

4. They shall receive daily from the Collection Clerk all such notes and acceptances lodged for collection, as may become due on each day, for which they shall respectively give him a receipt, in a book to be kept by him for that purpose.

5. Each of them shall deliver over daily all such discounted notes and acceptances lodged for collection, as have not been paid in Bank at two o'clock, P. M. each day, to the Notary of the Bank, and for which each of them shall require the Notary's receipt for such notes and acceptances as they shall so deliver to him, in a book to be kept by each of them for that purpose.

6. Each of them shall receive in payment and on deposit, all kinds of specie, at the weights and at the rates established by the Acts of Congress.

7. Each of them shall, whenever any check or checks are presented to them for payment, before they pay the same, learn from the person presenting the same his name, and shall write on the left corner or the face thereof, the name of the person to whom he has paid such check, after he has entered the same in his counter book ; he shall then hand the same over to the Book Keeper, for the purpose of his entering the same in the personal ledger, to the debit of the parties drawing such check or checks.

8. They shall keep a book, alphabetically, in which every person doing business with the Bank shall be requested by them to write his name in the manner he or she usually signs the same, in order that they may compare the same with any checks drawn on the Bank by those persons, so as to detect any counterfeit checks, should any such be presented for payment.

The following shall be the duties of the Book Keeper :

1. He shall keep the personal ledger, in which he shall enter from the



President's discount book, all such notes and acceptances as may be from time to time discounted; also he shall enter from the Tellers' counter books, all such notes and acceptances lodged for collection as are from time to time collected; and also all sums deposited to the credit of the parties in their respective accounts with the Bank.

2. As soon as he shall receive any check or checks, which have been paid by the Tellers, he shall enter the same in the personal ledger, to the debit of the parties drawing the same, and shall mark every such check, in the middle of the face thereof, with a large letter C, and then hand the same over to the Collection Clerk, for the purpose of his entering the same in the daily cash book of the Bank.

3. He shall make out for each customer of the Bank a small bank book, in which he shall enter, from the personal ledger, all notes and acceptances collected; and also all deposits not already entered by the Tellers, made to the credit of such customer; and when such customer shall have entered in his said small bank book, all the checks he may have drawn on the Bank, which have been paid by the Tellers, he shall then, from time to time, after a due examination, balance the same.

4. He shall, at the end of every fortnight, make out from the personal ledger, a balance sheet, which shall be examined by the Deputy Cashier; if found by him to be correct, he shall then certify the same—after which the Book Keeper shall then lay the same before the Board, at their first meeting thereafter.

5. He shall, at the end of every six months, make out from the personal ledger a general balance sheet, which must agree with the amount of deposits in the weekly statement of the Cashier, at the time of making out the statement, and which must be examined by the Deputy Cashier, who, if he shall find the same to be correct, shall certify the same; and the Book Keeper shall then lay the same before the Board, at the first meeting thereafter.

The following shall be the duties of the Discount Clerk:

1. He shall keep two offering or discount books, to succeed each other weekly, in which he shall enter every particular of every note or acceptance that shall, from time to time, be offered for discount, and shall calculate correctly all the discounts thereon, to be laid before the Board weekly, and as soon as the Board has returned the same to him, he shall add up the amount of notes discounted, at the foot of each statement thereof; which discounts and the amounts shall be examined weekly by the Deputy Cashier, and if found by him to be correct, he shall certify the same at the foot of each and every such weekly statement.

2. He shall keep a book containing an alphabetical list or weekly return of all notes and acceptances that are discounted weekly, which he shall add up at the foot of every such weekly return, and deliver the same weekly to the Cashier, together with all such notes and acceptances, so discounted, with the day when due and payable endorsed thereon, for which the Cashier, if he find the notes agree with the said weekly return, and also agree with the President's discount book, shall certify the same at the foot of every such weekly return.

3. He shall keep a bill ledger and endorsement ledger.

The following shall be the duties of the Collection Clerk:

1. He shall keep the daily cash book of the Bank, in which he shall

enter daily, (alphabetically, if possible,) all such checks as he shall receive daily from the Book Keeper, which have been previously marked by the Tellers and Book Keeper, as directed in their duties, as well as all payments and deposits made daily in the Bank, all of which he shall take from the Tellers' counter books, and add up the same daily, at the foot of each and every of such daily accounts, to see if the same agrees with the Tellers' daily accounts and other books of the Bank, which shall be examined by them, and if found by him to be correct, he shall certify the same at the foot of each and every of such daily accounts.

2. He shall keep a book in which he shall enter the particulars of every note and acceptance lodged for collection, with a blank column to show how disposed of; and he shall endorse the said notes and acceptances over daily to the Tellers before they become due, for which he shall take the Tellers' receipt respectively, in a book to be kept by him for that purpose, for all such notes and acceptances as he shall, from time to time, deliver to them.

3. He shall receive daily from the Notary of the Bank all such notes and acceptances as have been discounted or lodged for collection, and are returned to the Bank under his protest for non-payment, and enter them in a book to be kept by him for that purpose, which book, together with all such notes and acceptances, and the protests thereon, shall be laid before the Board at their first meeting thereafter.

4. He shall keep a book or weekly register (alphabetically) of all the notes and acceptances that have been discounted, entitled to renewal or which may become due within the week, which weekly register he shall add up weekly, and then submit it for examination to the Deputy Cashier, who, if he finds the same to be correct, shall certify the same at the foot of every such weekly return, and lay the same before the Board weekly.

5. He shall serve notices on all the parties to every note or acceptance that has been discounted, before it becomes due; and he shall also serve notices on all the parties to every note or acceptance that has been lodged for collection, before it becomes due.

The following shall be the duties of the Porter:

1. He shall daily open and shut the Bank at Bank's hours; shall cancel all checks, notes and acceptances; give constant attendance in Bank; keep the same clean; and, under orders of the President or Cashier, assist in counting money; or shall do any other kind of work about the Bank that this Board or the President or Cashier shall, from time to time, think proper to direct him to do.

The following shall be the duties of the Notary:

1. He shall call every day at 2 o'clock, P. M. at the Bank, and receive from the Tellers all such notes and acceptances as have been discounted, also such notes and acceptances as have been lodged for collection, and have not been paid in Bank at the time above mentioned, on the day when they are respectively payable, for which he shall give the Tellers a receipt in a book to be kept by each of them for that purpose. He shall then immediately serve the drawers, endorsers, acceptors, and all other parties thereon, with notice of non-payment thereof, before twelve o'clock at night thereafter, and return the same under his protest, (unless paid,) the next morning to the Collection Clerk in Bank.

2. All monies he shall from time to time receive for any note or acceptance that he may have received from the Tellers, as stated in their duties, shall be paid over by him in Bank, as soon as he receives the same.

*Resolved*, That each of the above named officers shall, in addition to the above named duties, discharge all such other duties as this Board shall, from time to time, hereafter, think proper to direct them respectively to perform.

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[1831.]

### FROM THE COMMITTEE APPOINTED IN 1830.

The Joint Committee appointed at the last session of the Legislature to investigate the condition of the Bank of the State, in Charleston, beg leave to report, That a majority of your Committee met at the Bank in October last, and proceeded to the discharge of the duty assigned them, and feel pleasure in stating, as their opinion, that the Bank is in a sound and prosperous state.

Although this institution met with a great loss in the death of STEPHEN ELLIOTT, its former President, whose high character and commanding talents acquired for him the esteem of his fellow-citizens, and the confidence of the State, yet we have reasons to be gratified in procuring a successor, whose incorruptible integrity, untiring zeal, and uncompromising independence, in the discharge of all his public duties, furnish an ample assurance of his usefulness in his present office.

Your Committee beg leave to submit the annexed general statement marked A. This statement furnishes a general view of the operations and resources of the Bank, for one year, commencing on the first day of October, one thousand eight hundred and thirty, and ending on the thirtieth day of September, one thousand eight hundred and thirty-one. The profits of the Bank, during that period, amount to thirty-five thousand six hundred and seventy-four dollars and eighty-three cents. Forty-six thousand four hundred and thirteen dollars and sixty-nine cents are due on mortgages, the whole of which is considered unquestionably safe, with one unimportant exception. There are also notes in suit to a considerable amount, the names of the drawers and endorsers of which are in the possession of your Committee, ready to be produced, if deemed necessary.

Your Committee feel themselves relieved from the necessity of making a long and detailed Report, by the able and elaborate Report of the President of the Bank, which has been shown to your Committee—all the portions of which, that relate to the state and condition of the Bank, meet their concurrence.

Respectfully submitted.  
December 3d, 1831.

JACOB AXSON, *Chairman*.

A.		A.	
Dr.		Cr.	
<i>Bank of the State of South Carolina, Charleston, 30th September, 1831.</i>			
To Capital.....	\$1,156,318 48	By Bills and Notes discounted.....	\$751,314 18
" Bank Notes issued.....	\$1,751,350 00	" Bills and Notes in suit.....	132,702 82
" Bank change do.....	95,554 00		
	1,846,904 00	" Bonds on Mortgages.....	56,413 69
" Nett profits for this Bank, for the last year	35,674 33	" Specie in Cashier's.....	206,537 86
" State Treasury.....	144,471 31	" Our Bank Notes.....	416,658 56
" do. do. for Sinking Fund.....	302,852 68	" Bank Notes and Specie, Teller's	95,033 63
" Individual deposits.....	241,574 21		718,229 99
		" Columbia Branch Bank.....	892,612 03
		" Georgetown Branch Bank.....	530,282 63
		" Camden Branch Bank.....	495,309 05
			1,918,203 71
		" 1,014 Shares in State Bank.....	101,400 00
		" State of South Carolina 3 pr. cts.	11,751 55
			113,151 55
		" Bank Estate.....	28,273 47
		" Real Estate.....	1,671 26
		" Judgments (Lehre & Davis).....	
			29,944 73
			7,834 84
			\$3,727,795 51
			A. HENRY, Cashier.

## BRANCH AT COLUMBIA.

The Committee appointed to inspect the Branch of the Bank of the State of South Carolina, at Columbia, respectfully report:

That they have, in conducting the examination, directed their attention chiefly to the profits of the institution, and the security of the debts.

The following table will exhibit the profits of this Branch, for the last five years:

Profits in 1827	:	:	:	:	:	:	\$42,236 04
Do. " 1828	,	:	:	:	:	:	47,801 33
Do. " 1829	:	:	:	:	:	:	45,851 80
Do. " 1830	:	:	:	:	:	:	49,176 87
Do. " 1831	:	:	:	:	:	:	56,948 58

From this exhibit, it will appear that there has been an almost annual increase of the income from this Branch, since the year 1827; and that during the last fiscal year, ending the 30th September, the profits have been greater than those derived even from the parent Bank. It is difficult to state precisely the capital employed, but from the best evidence which has been furnished, it may be estimated at \$900,000.

The securities, on notes discounted, appear, from the information received, to be ample; and the committee believe that the utmost confidence may be placed in their sufficiency. This opinion is strengthened by the fact, that no debts have been contracted during the present administration of the Bank, which may be considered even doubtful; and many of those which have been heretofore so classed, are collected either in part or altogether.

The location of this Branch at Columbia, enables it to be extremely useful to a mercantile community which transacts a large business with all the interior country. Every exertion will be made to increase and extend this accommodation, by the discount of notes and drafts on Charleston. All means within the power of the direction, and consistent with the interest of the institution, seem to be furnished for supplying the public demand.

The result of the examination conclusively proves the increasing prosperity of this Branch, and the security of its debts.

In the further details of their investigation, the committee have been anticipated by the full and lucid report of the able officer who presides over the parent Bank.

Justified by the facts stated, they will, however, in conclusion, express their confidence in the ability and fidelity of the officers and directory who control the affairs of this Branch.

THO. W. GLOVER, *Chairman H R.*

8th December, 1831.

## BRANCH AT CAMDEN.

The Joint Committee appointed at the last session to examine into and report the condition of the Branch Bank at Camden, beg leave to report:

That, attended by the officers of the Bank, who submitted to their inspection the books thereof, and afforded them every facility in their investigation, they have discharged that duty, and submit the following tabular statement, which exhibits the operations of this Bank for the last two years—the amount of the capital at the end of each year; the amount loaned out;

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the expenses of each year; the amount of nett profits; and the average monthly amount of individual deposits.

THE YEAR.	CAPITAL.	AMOUNT LOANED OUT.	EXPENSES.	PROFIT.	AV'G. OF MONT. DEP.
1830. Sept. 30	\$454,200 00	466,956 81	4,885 35	21,985 46	36,564 19
1831. Sept. 30	495,309 05	532,764 18	4,951 41	27,405 78	42,390 66

The sum due by the President and Directors, on their own account, amounts to \$39,939, and they are liable as endorsers, to the amount of \$55,019; for the greater part, if not the whole amount of this last sum, the endorsements may be considered as merely nominal, as the drawers are believed to be perfectly solvent, or the endorsers indemnified by collateral security.

The Committee have principally directed their attention to the enquiry, whether the funds loaned out are sufficiently secured. After a careful enquiry into the solvency of the drawers and endorsers, and aided with all the means of information they could obtain, it affords the Committee great pleasure to state, that of the whole amount of outstanding debts, there is not a single debt which, in their opinion, is not amply secured, and they are gratified to learn, that since its establishment, in 1822, this Bank has not lost one dollar.

In order that the Legislature may the better understand the operations of this Bank, the Committee have hereunto annexed a monthly statement of its transactions, for each of the two last fiscal years.

In conclusion, the Committee cannot in justice withhold the expression of their belief, that the able and indefatigable officers who manage this institution, have discharged their duty with a watchfulness and fidelity which entitles them to the highest praise, and which merits the just confidence of the Legislature.

All of which is respectfully submitted.

W. R. HILL, *Chairman.*

## Monthly Statement of the Branch Bank of the State of South Carolina, at Camden.

Dr.		Cr.	
1830. Sept. 30.		1830. Sept. 30.	
To Bills and Notes dis-		By Bank State of South	
counted.....	\$466,956 81	Carolina,.....	\$454,200 00
" Expenses,.....	4,885 35	" Discount Account,...	24,420 37
" Overdrafts,.....	116 37	" Interest Account,...	2,450 44
" Cash on hand,....	45,518 25	" Individ. Depositors,...	36,405 97
	<hr/>		<hr/>
	\$517,476 78		\$517,476 78
On the 1st October, 1829, this Branch owed the parent Bank			
(this was our capital),.....			\$470,232 69
On the 30th September, 1830, the profits from			
Discounts amounted to,.....		\$24,420 37	
The profits from Interest amount to,....		2,450 44	
		<hr/>	
		\$26,870 81	
The Expenses for this year were.....		4,885 35	
		<hr/>	
		\$21,985 46	

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The nett profits for the banking year, commencing on the first day of October, 1829, and ending on the thirtieth day of September, 1830, amounted, as above stated, to twenty one thousand, nine hundred and eighty-five dollars, 86-100

THO. SALMOND, *President*.  
J. W. CANTEY, *Cashier*.

BRANCH BANK, S. S. C., Camden, Oct. 1831.

### *Monthly Statement of the Branch of the Bank of the State of South Carolina at Camden.*

DR.			CR.
831. September 30.		1831. September 30.	
To Bills and Notes dis-		By Bank of the State of	
counted,-----	\$532,764 18	South Carolina.....	\$495,309 05
" Expenses-----	4,951 41	" Discount Account,--	29,828 81
" Overdrafts-----	50 88	" Interest Account---	2,528 38
" Cash on hand,-----	11,454 12	" Individ. Depositors,--	21,554 35
	\$549,220 59		\$549,220 59
On the 1st day of October, 1830, this Branch owed the parent			
Bank, (this was our capital),-----			\$476,185 46
On the 30th day of September, 1831, the profits			
from Discounts amounted to-----			\$29,828 81
The profits from Interest-----			2,528 38
			\$32,357 19
The expenses for this year were,-----			4,951 41
Nett profits this year,-----			\$27,405 78

The nett profits for the banking year, commencing on the 1st October, 1830, and ending on the 30th September, 1831, amounted, as above stated, to twenty-seven thousand four hundred and five dollars 78-100.

THO. SALMOND, *President*.  
J. W. CANTEY, *Cashier*.

BRANCH BANK, S. S. C., Camden, Oct. 1, 1831.

### BRANCH AT GEORGETOWN.

The Committee appointed to examine into the affairs of the Branch Bank at Georgetown, beg leave to submit the following Report:

Your Committee have entered into a minute investigation of the affairs of the Branch, examined the books and accounts, and scrutinized the debts due the Bank, with the utmost minuteness; and the result of this investigation has been, a thorough conviction of the usefulness of the institution, and satisfaction with the general management of its affairs.

Your Committee might stop here, simply referring to the annexed statements for the situation of the affairs of the Bank; but they deem it important to advert to a few facts connected with the institution.

The Act authorizing the establishment of a Branch at Georgetown, was passed in December, 1816, and the Bank went into operation in March, 1818, with a capital of sixty thousand, nine hundred (60,900) dollars, which

was increased by drafts from the mother Bank, and the profits of the institution, and on the 1st day of October, 1818, amounted to two hundred and fifty thousand, three hundred and eighty-four dollars; which, in thirteen years, has been more than doubled by the profits of the Bank, after paying for the Banking House, and the salaries of the officers.

With these remarks, your Committee beg leave to refer to the annexed statements, as exhibiting the capital, resources, &c. of the institution.

SOLOMON COHEN, Jr., *Chairman*.

#### STATEMENT A.

Capital of the Branch Bank of the State of South Carolina,  
at Georgetown, on the 30th September, 1831,.....\$547,448 10

The above capital consists of the following items:

Notes in fair standing.....	\$429,467 00
Notes in suit and judgments,.....	35,537 93
Bonds, Mortgages, and assigned Judgments....	78,943 17
Real Estate, valued at.....	3,500 00
	<hr/>
	\$547,448 10

#### STATEMENT B.

The President and Directors are indebted to the Bank, as  
principals, in the sum of.....\$81,858 00  
The Officers, as principals,.....8,650 00

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\$90,508 00

The President and Directors are indebted, as endorsers,----\$39,548 00  
The Officers, as endorsers,-----19,497 00

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\$59,045 00

(1833.)

#### FROM THE COMMITTEE APPOINTED IN 1832.

The Joint and Special Committee appointed under a Resolution, passed at the last Session of the Legislature, "to examine into the state and condition of the Bank of the State of South Carolina, in Charleston, and to report on the same," beg leave respectfully to report:

That the Committee, impressed with the importance of the Bank, as an institution intimately connected with the finances of the State, have endeavored diligently and faithfully to discharge the duties imposed upon them. As the Resolution of the Legislature did not specify any particular object of inquiry, it became requisite for the Committee to arrange for themselves the course of their investigation. Exhibit A, annexed to the Report of the Committee, contains the statement of the annual transactions of the Bank, up to the 1st of October, 1833, which closes the fiscal year. The different items in this statement have been regularly vouched, by the officers of the Bank, to the satisfaction of the Committee. Exhibit B, also annexed to the Report, is the corresponding statement of the trans-



actions of the Bank for the year ending on the 1st of October, 1832. In examining the affairs of the parent Bank, as exhibited in these statements, the Committee deem it sufficient to notice the following facts, which they would submit to the consideration of the Legislature, viz :

1st. As to the condition of the capital of the Bank.

2d. As to the clear profit of the institution for the last two years.

3d. As to the amount of bills issued, and the amount in circulation.

4th. As to the nature and sufficiency of the securities held by the Bank for permanent loans, as also on notes and bills discounted.

And lastly, as to the general condition and management of the institution since the last examination of its affairs by a Committee of this House.

1st. The Committee report that in the year 1819, the capital of the Bank had, by gradual accession, amounted to \$1,196,220 65. In that year the transfer of the annual balances of the Treasury to the capital of the Bank, was discontinued by the direction of the Legislature, and from that period the capital remained stationary until the 10th April, 1828, when, by the purchase and cancelling of three and six per cent. State Stock, as directed by law, amounting to \$39,902 17, it was reduced to the present sum of \$1,156,318 48. The Committee consider it important to distinguish between that portion of the capital of the Bank which is invested in solid and permanent securities, and what may be considered as embarked in the vicissitudes of banking operations. It appears by exhibit A, that the portion of capital invested in Bonds secured by mortgages, and in State and Bank Stock, amounts to \$588,840 09, which produces a steady revenue to the Bank, independent of the income derived from banking operations.— If to this be added the items of Bank and real estate, estimated at \$32,529 67, and the specie in the vaults of the Bank, on the 1st of October, 1833, which was ascertained by counting and weighing, to be \$198,353 82, and that in the possession of the Tellers, (\$1,505 85,) it will produce an aggregate of capital of \$821,229 45, existing in a form entirely secure from the risks incident to commercial paper. The residue of the capital, viz : \$335,089 95, is represented by Bills and Notes Discounted by the Bank. The advantages of a permanent investment of Bank capital appear to be obvious. The capital being placed in a safe and productive form, all the transactions of the Bank will rest on a solid basis. The interest of Bank proprietors and creditors are rendered in a great degree secure from casualty, and the confidence of the community in the character of the institution must be essentially increased, while a certain and steady interest is realized on the amount of capital invested, exclusive of the profits resulting from the commercial operations of the Bank. Banks with capitals thus invested, carrying on their operations exclusively on their credit, would, it is believed, be far more likely to be restrained by prudential considerations from excessive issues, so often the source of commercial embarrassment and ruin, than where both the capital and credit of the Bank are thus employed. This will be apparent, if it be considered that a Bank whose capital is employed in its operations, will always have a demand on its debtors to the amount of its capital, for specie, or the notes of other Banks convertible into specie, so that if obliged by any exigency to recall its paper and contract its issues, it will have its capital restored in the shape of coin. But Banks which operate exclusively on their credit, having no demand for capital on those who are indebted for discounts, will possess no such means of obtaining specie, while at the same time they will be responsible in coin for every dollar of their paper, and thus in the event of excess in their

issues, be far less able to meet the effect of a reaction. It is thought, and seemingly on very good authority, that a permanent and productive investment of the capital of Banks, united with a positive limitation of their issues to the amount of their capital, would tend, in a great degree, to remove all possible objections to the Banking System—and that most, if not all, the evils which are supposed to flow from it would be thus prevented. It affords the Committee pleasure to state that these views are fully entertained by the President of the Bank; and that since he has been in office, he has strictly pursued, as far as he was able, the policy they recommend.

2d. The committee further report, that the nett profits of the institution, for the years 1832 and 1833, amounted each year, to \$120,000. This is exclusive of the sum of \$19,764 43, carried, last year, to the account of profit and loss; and also of \$11,239 10, the premium paid on the purchase of stock, which was added to the portion of capital invested. Taking the clear profits of the Bank, it will be found, that for the period specified, the rate of interest on the amount of capital, exclusive of the Sinking Fund, is more than 10 per cent; and inclusive of the Sinking Fund, which is rendered, by law, a part of the available means of the Bank, for banking purposes, it will be more than 7 per cent. It may be proper to state, that the clear profits of the Bank are applied, first to the payment of the interest on the public debt, at present amounting to \$85,500, and the balance, \$34,500, is carried to the credit, and constitutes the *actual increase* of the Sinking Fund. The committee would here beg leave to refer to the exhibit marked C. for a statement of the progress of the accumulation of the Sinking Fund.

3d. As to the amount of Bank bills issued, the committee would further report, that it appears by exhibit A, that the aggregate amount of bills issued is \$1,862,442 19, and if from this general aggregate be deducted the amount in Bank, we will be able to ascertain the amount of bills now outstanding. The amount of bills in the parent Bank was \$506,429 18, which, when subtracted from the whole amount issued, will leave a balance of \$1,356,013 01, to be still further reduced by the notes held by the several branches. If, with this, be estimated the probable amount of bills which have been either lost or destroyed in the course of business, it will satisfactorily appear, that the actual amount now in circulation, is considerably less than the aggregate of the capital of the Bank and the Sinking Fund—perhaps not exceeding two-thirds of that aggregate; and the committee are induced to believe that this will be found a correct statement of the amount in circulation.

4th. The committee further report, that after a careful examination of the schedule of bonds, amounting to \$316,643 69, and of the Bill Ledger for bills and notes discounted, amounting to \$686,746 74, and also of the *three* last items on the credit side of exhibit A, they came to a conclusion most decidedly favorable to the character and sufficiency of the securities held by the Bank. Such debts as either have been sued to judgment, or are now in suit, are of course excepted from the remarks of the committee; though of these, it is certain that a considerable amount will eventually be realized. But of the securities held by the Bank, which do not come under this class, the committee were unable to discover a single debt which could be considered as bad, and very few, if any, which appear at all doubtful. The committee take pleasure in expressing their unqualified approbation

of the prudence and integrity with which the affairs of the institution have been managed in this respect. It may be here proper to state, that the amount due by Directors of the Bank, on the 21st of October, 1833, was \$71,853, which appeared to the committee to be quite as well secured as any other debts in the Bill Ledger.

Lastly, it only remains for the committee to express their opinion as to the general condition and management of the Bank since the last report made upon the subject by the committee of the Legislature; as may be inferred from the preceding part of the report, the committee are of opinion that the present condition of the Bank is exceedingly prosperous and safe, and that the institution was never managed with more ability, than it has been for the last two years.

The review of its affairs presented by the committee, shows that the profits of the Bank during the last fiscal year, have been greater than at any former period; and the committee have already expressed their opinion that the funds of the Bank are, in general, well secured. The committee cannot forbear the remark, that they believe that these results are very much to be ascribed to that unwearied zeal, and rigid fidelity in the discharge of duty, which have always distinguished the character of the president of this institution. Perhaps no better proof of the justice of the encomium bestowed upon this officer in the present instance, could be offered, than the fact, that since he has been in office, while the transactions of the Bank have been increased and extended, not one dollar of loss has yet been realized. In the course of their investigations, the committee became satisfied that the labors of this officer, in the arrangement and supervision of the complicated concerns of the parent Bank, and in the requisite correspondence with its several branches, are more arduous than they ever have been, and far exceeding those which usually appertain to the office of the President of a Bank; and the committee are of opinion, that some provision for his relief should be made by the Legislature. They would, therefore, respectfully recommend, that the President of the Bank be authorized to employ a clerk to assist him in the execution of his duties, who shall receive, as a compensation for his services, the sum of three hundred dollars per annum.

Before concluding their report, the committee would respectfully invite the attention of the Legislature to the subject of re-chartering the Bank. By the terms of the Act of Incorporation, the charter of the Bank will expire on the 1st of May, 1835, and it is, therefore, most probable that the question of the renewal of the charter, will be brought before the Legislature at the present session. Judging of the future, by the past operations of the Bank, it cannot be doubted that the renewal of its charter would prove highly beneficial to the financial concerns of the State, and the committee would indulge the hope that no objection will be made to this measure. To present in one view the advantages derived from the Bank, as a source of revenue, the committee beg leave to refer to exhibit D, which contains a statement of the *capital, income, and rate per cent.* of the Bank, from the time of its establishment to the present period. From this statement, it appears that the nett profits of the Bank have amounted to \$1,900,159 61, and the average rate per cent. on its capital has been \$9 79 per annum.

The committee also incline to the opinion, that by the instrumentality of the Bank alone, without any increase of taxes, the payment of the public

debt may be effected at the several periods when the same shall respectively fall due. By exhibit E. annexed to the report, it will appear that of the debt due by the State, the sum of \$300,000 will be payable in 1840; 200,000 in 1843; 250,000 in 1845; and 300,000 in 1846. The committee are of opinion, that by the application of the Sinking Fund, in whole or in part, as may be deemed most expedient, and by issues of six per cent. stock (which will always command a premium,) for the residue of the several amounts, as the same shall be respectively payable, the payment of the whole public debt may be eventually effected without resorting to an increase of taxes. Upon this subject, the committee have had the pleasure of a free conference with the President of the Bank, who has given to it mature deliberation; and the committee would respectfully recommend that he be requested to communicate his views upon the subject, fully, to the Legislature.

All which is respectfully submitted.

W. P. FINLEY, Chairman.

## A.

*Statement of the Bank of the State of South Carolina, at Charleston, October 1, 1833.*

Dr.		Cr.	
To Capital	\$1,156,318 48	By Bills and Notes discounted	\$686,746 74
Bank Notes issued	\$1,714,358 00	Do do in suit	133,196 55
Do do in change	116,084 19	Bonds secured by Mortgage	\$819,943 29
Do do in Columbia	32,000 00	Specie: Cashier	316,643 69
Discount Account, &c.	1,862,442 19	Bank bills: do	706,288 85
Profit and Loss	54,871 09	Do and specie: Teller	
State Treasury	2,547 92	Columbia Branch Bank	756,502 27
Do do for Sinking Fund	472,264 57	Camden do do	475,363 35
Individual Deposits	305,563 82	Georgetown do do	281,844 55
		W. W. Starke, agent at Hamburg	101,400 00
		1,014 Shares in State Bank Stock	15,795 23
		State Three per cent. Stock	69,404 11
		Do Five do do	85,597 06
		Do Six do do	32,173 47
		Bank Estate	256 20
		Real Estate	
		Judgments	
		Office Bank United States, Charleston	32,529 67
		Do do do New York,	10,744 43
		Ogden, Ferguson & Co. do do	41,330 59
			2,406 88
			321 52
	\$3,853,958 07		\$3,853,958 07

CHARLES FURMAN, Cashier.



## C.

*Statement of the progress of the accumulation of the Sinking Fund.*

1823, October,-----	\$80,454 45
1824, "-----	136,716 99
1825, "-----	191,283 85
1826, "-----	235,506 99
1827, "-----	231,360 64
1828, "-----	221,377 31
1829, "-----	251,251 31
1830, "-----	277,485 17
1831, "-----	302,852 68
1832, "-----	336,883 15
1833, "-----	371,409 78

## D.

*Statement of the Capital, Income, and Rate per cent. of the Bank from the time of its establishment, up to the present period.*

Fiscal Year.	Capital.	Net Income.	Rate per Cent.
1814	\$179,223 46	\$3,325 21	\$1 85
1815	297,253 68	48,900 71	16 44
1816	391,890 39	63,022 69	16 08
1817	583,926 35	76,507 91	13 16
1818	887,872 59	105,838 07	11 92
1819	1,224,543 37	107,593 95	9 56
1820	1,196,220 65	100,287 37	8 38
1821	1,196,220 65	86,525 38	7 23
1822	1,196,220 65	130,072 18	10 03
1823	1,196,220 65	113,207 61	9 46
1824	1,196,220 65	116,350 58	9 71
1825	1,196,220 65	115,042 96	9 61
1826	1,196,220 65	70,500 00	5 89
1827	1,196,220 65	75,000 00	6 26
1828	1,156,318 48	113,802 95	9 83
1829	1,156,318 48	112,000 00	9 68
1830	1,156,318 48	112,182 04	9 70
1831	1,156,318 48	120,000 00	10 37
1832	1,156,318 48	120,000 00	10 37
1833	1,156,318 48	120,000 00	10 37

\$1,900,156 61

## E

*Statement of the Public Debts.*

Six per Cents. of 1820-----	\$800,000-----	Redeemable in 1840.
Five " " " 1822-----	200,000-----	" " 1842
" " " " 1824-----	250,000-----	" " 1845
" " " " 1826-----	300,000-----	" " 1846

## BRANCH AT COLUMBIA.

The Committee appointed at the last Session of the Legislature to examine into the affairs of the Branch of the Bank of the State at Columbia, report:

That it affords them pleasure to say, that upon examination, they believe this Branch of the Bank to be in a flourishing condition. Its profits this year, carried to the credit of the mother Bank, on the 30th of September, 1833, the end of the fiscal year, amounted to (\$41,660 56) forty-one thousand six hundred and sixty dollars and fifty-six cents, after deducting three thousand nine hundred and sixty three dollars and forty-five cents, (\$3,963-45,) for expenses in fitting up the new banking house, besides the usual expenses; and this, too, notwithstanding the capital of the Branch has been reduced, within the two last years, upwards of two hundred thousand dollars, (200,000.)

Your Committee beg leave to submit the following

## STATEMENT:

*The condition of the Branch of the Bank of the State, at Columbia, on the 30th September, 1833.*

## Dr.

1833. September 30.	To the mother Bank.....	\$798,574 07
	" " Columbia Treasury.....	61,190 21
	" " Camden Branch.....	611 79
	" " Personal Deposits.....	74,179 60
		<hr/>
		\$934,555 67

## Cr.

1833. September 30.	By Notes discounted.....	\$710,803 02
	" Drafts payable in Charleston. . .	92,660 00
	" " " New York.....	10,000 00
	" " " Columbia.....	3,570 00
	" Bonds.....	86,477 84
	" Judgments.....	2,194 42
	" Cash.....	28,850 39
		<hr/>
		\$934,555 67

All which is respectfully submitted.

D. J. McCORD, *Chairman.*

November 30, 1833.

## BRANCH AT CAMDEN.

The Committee appointed at the last Session of the Legislature to examine into the affairs of the Branch of the Bank of the State, at Camden, report:

They met, by appointment, at Camden, on the 20th of this month, and proceeded to examine the books and accounts of the Bank; and the result of their examination, was the opinion, that the institution is in a prosperous condition, and its various departments have been conducted with ability and integrity. [They beg leave to submit also, the annexed statement, showing the profits of the Bank for the last fiscal year.

F. W. DAVIE, *Chairman.*



# 184      REPORTS OF INVESTIGATING COMMITTEES.

## STATEMENT,

*Showing the profits of the Branch of the Bank of the State of South Carolina, at Camden, for the year ending the 30th September, 1833.*

Dr.		Cr.	
To Discount Account.....	\$23,240 25	By Officers' Salaries.....	\$4,800 00
Interest Account.....	4,429 76	Incidental expenses.....	143 76
Exchange Account.....	1,872 23	Nett profits carried to the credit of the S. of South Carolina.....	24,598 48
	<hr/>		<hr/>
	\$29,542 24		\$29,542 24

*Monthly statement of the Branch of the Bank of the State of South Carolina, at Camden, of the 30th September, 1833.*

Dr.		Cr.	
To Capital.....	\$400,000 00	By notes discounted.....	\$409,162 00
Discount Account.....	23,240 25	Notes protested.....	14,769 25
Interest Account.....	4,429 76	Notes in suit.....	17,415 00
Exchange Account.....	1,872 23	Notes in Judgment.....	8,967 00
Individual Deposits.....	21,001 68	Drafts due in Charles- ton.....	30,950 00
The parent Bank.....	76,656 60	Balances paid.....	4,800 00
	<hr/>	Incidental expenses.....	143 76
		Cash on hand.....	40,979 34
		Over drafts.....	14 37
	<hr/>		<hr/>
	\$527,200 47		\$527,200 47

Taken from a statement made by the President of the Bank.

F. W. DAVIE, Chairman.

November 28, 1833.

## BRANCH AT GEORGETOWN.

The Special Committee appointed at the last session of the Legislature, to inquire into the situation of the Branch Bank at Georgetown, beg leave to report :

That on the 31st October, 1833, the amount for which this branch was chargeable in the account with the parent Bank, and individual depositors, was \$315,764 58.

That of this sum, the amount invested in the notes and bonds of individuals, was \$297,590 44.

The balance was composed of the real estate owned by the Bank, and the cash in hand.

The committee have carefully examined the manner in which the debts due to the Bank are secured ; and they are gratified in being able to state their conviction, that of the above amount, not more than seven or eight thousand dollars will be finally lost. These debts, which the committee

regard as bad, are of long standing, have been considerably reduced—and those who have the management of the institution, are very confident that a large portion of the balance will be ultimately realized.

From various considerations, it has been deemed expedient by the parent Bank, that a very limited business should be transacted by this Branch during the past year, in discounting notes. The collections during that period, which have been remitted to the parent Bank, amount to \$265,460-00, reducing the capital in October last, to the sum stated at the commencement of this Report. In the meantime, the active operations of the Bank have been chiefly confined to the purchase of drafts; a business essentially advantageous to the institution, and affording much accommodation to the community.

In conclusion, the Committee cannot forbear the expression of an opinion, that the interests of the Bank of the State, as well as the convenience of a large portion of the community, require a very considerable enlargement of the capital of the Branch Bank at Georgetown. Errors have doubtless heretofore occasionally existed in the management of its affairs; but those errors have been seen and substantially corrected. The Board of Directors owe little to the Bank, and seem devoted to its prosperity.—The Committee were much aided in their investigations by the intelligence and practical information of the President of this Branch, and they cannot but feel satisfied, that under such management, the public interest, as connected with this institution, will be sedulously promoted.

November 28, 1833.

B. F. DUNKIN, *Chairman.*

(1835.)

FROM THE COMMITTEE APPOINTED IN 1834.

The Joint Committee of both Houses, who were instructed to enquire into the condition of the Bank of the State of South Carolina at Charleston, beg leave to Report, that they assembled at the Banking House in that city, on the 21st of October last, and commenced their investigation.

They found of Bills and Notes discounted,		\$894,108 62	
Bills, notes, and bonds in suit,		75,865 85	
			<hr/> \$959,974 47
Bonds secured by Mortgages,			543,659 63
In Gold,	255,941 91		
In Silver,	236,136 00		
In Cents,	1,643 00		
		<hr/> \$493,720 91	
In Bank notes,	170,359 75		
In hands of Tellers,	64,736 31		
			<hr/> \$728,816 97
Commissioners Charleston Bank,	44,650 00		
State 3 per cent. Stock	18,954 15		
5 do. do.	74,193 44		
6 do. do.	80,541 61		
Commercial Bank Stock,	366 25		
			<hr/> \$218,705 45
Judgments,		25,027 06	
In United States Bank in Charleston,		275,339 31	
Bank Estate,		35,269 49	
			<hr/> \$2,796,792 38

The Committee examined the Bill Ledger, and on comparing the original notes with the entries, found the amount of notes discounted correct. The original Bonds were also examined and carefully compared with the entries in the Books. The Bank notes on hand were carefully counted, as well as the amount of specie, which were likewise found correct.

The names of the Drawers and Endorsers of the notes and bills due to the Bank, were critically and minutely investigated, as well as the securities to the bonds held by the Bank, and after an examination of the mortgages held as primary or collateral security, your committee came unanimously to the conclusion that the amount due to the Bank is sufficiently and amply secured.

Estimating the capital of the Bank at \$1,156,318 48, and deducting from the entire operations of the Bank, the amount passed on the 1st October to the credit of the Sinking Fund, and the sum of \$45,488 62 for losses incurred in Columbia, and some old debts in Charleston, the nett profits on the capital the past year was over 10 per cent.

Your Committee are decidedly of opinion, from the information they have derived from a close examination, and from what they themselves know of the solvency of the debtors to the Bank, that the reservation for losses has been ample, and hence the business done by the Bank has been exceedingly prosperous.

Your Committee are of opinion that the condition of the Bank at this time is remarkably flourishing, and that to the valuable officer at its head, and the vigilant Board of Directors, are due the credit of having managed its concerns with great skill and ability, and with unshrinking fidelity to the State. Indeed, notwithstanding the heavy losses sustained three years since, great usefulness has been diffused through the agency and operations of the Bank, and large profits have been realized to the Treasury of this State.

The Bank now stands in a condition to meet the impulse which is about to be given to the enterprise and public improvement of the country.

J. HAMILTON,	} <i>Committee of the Senate.</i>
J. E. JENKINS.	
HENRY GOURDIN,	} <i>Committee of the House.</i>
J. F. MINTZING,	
E. H. EDWARDS.	

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(1835.)

#### BRANCH AT COLUMBIA.

The Joint Committee appointed to examine the Branch of the Bank of the State of South Carolina, at Columbia, beg leave to report:

That, in obedience to the joint resolution of the last session, the Committee met at said Branch, on the 17th November, and proceeded to discharge said duty.

The books and papers were all promptly opened and presented for the inspection of the Committee, and every facility was politely afforded by the exemplary officer presiding over said Branch, to enable the Committee to make a thorough examination.

The Committee took up the Monthly Report, ending the 31st of October, a copy of which is herewith exhibited, and after two days investigation, found it entirely correct in every particular.

With the exception of \$4,694, considered bad, a portion of which was discounted upwards of ten years ago, the Committee regard all the bonds, notes, and drafts, as well secured, and as safe as the most prudent financier could possibly desire.

The Committee make this statement with the greater confidence, as some of the members are personally acquainted with the pecuniary circumstances of most of the obligors, drawers, and endorsers; and although some of the notes are under protest, and some in suit, yet the Committee are fully satisfied that they are equally secured and safe, and that the greater portion of such cases may be justly attributed to accidental causes.

The Committee deem it due to the Directors of this Branch, to state that they have drawn but a very small portion of the amount discounted, and several of them not a cent; nor have they endorsed to any considerable amount, and that not more for their connexions or friends, than for the deserving members of the community; nor can the Committee omit to hold up as an example worthy of all imitation, a regulation introduced into this Branch, that no Director is allowed to endorse for another.

In conclusion, the Committee beg leave to add, that the result of their examination was not only truly satisfactory, but gratifying to the highest degree, and enables them to state, with perfect confidence, that this Branch is conducted by the Directors, and especially by the efficient and able officer at its head, with great integrity and ability, and with great advantage to the State.

J. GREGG, *Chairman.*

November 18th, 1835.

*Copy of the Monthly Report of the Branch of the Bank of the State of South Carolina, at Columbia, ending the 31st October, 1835.*

To Notes discounted,.....	\$586,966 67	By Bank of the State.....	\$667,001 25
Drafts payable in Charleston, and under protest...	12,012 17	Discount account,.....	3,125 55
Drafts becoming due in Charleston,.....	18,800 00	Interest on Bills.....	269 78
Drafts payable in Columbia	7,140 00	Treasury.....	41,109 19
Bond account.....	61,280 52	Credit by protest account	19 92
Funds in New York.....	7,070 44	Individual deposits.....	146,371 18
Salaries,.....	691 65		
Cash.....	163,935 42		
	<hr/>		<hr/>
	\$857,896 87		\$857,896 87

(1837.)

FROM THE COMMITTEE APPOINTED IN 1836.

The Special Joint Committee of the Senate, to whom it was referred to examine and report the condition of the Bank of the State in Charleston, Report:

That in conjunction with a Committee of the House of Representatives, they met at the Banking House in Charleston, and commenced the investigation, Monday, November the first, which they continued from day to day during the hours of business, until the eleventh.

# 188      REPORTS OF INVESTIGATING COMMITTEES.

Instead of examining the annual statement prepared for the Legislature, on the first of October, the Committee determined to examine its condition at the date of the examination, and proceeded to verify the statement of the Cashier :

## DR.

To Capital,-----		\$1,156,318 48
" Bank Notes issued,-----	1,336,509 00	
" do. do. at Columbia,-----	22,000 00	
" do. do. under one dollar.-----	107,806 31	
	<hr/>	1,466,315 31
" Discount account over,-----	173,054 55	
" Discount account received,-----	7,403 94	
" Interest on Notes, &c.,-----	3,320 52	
" Interest on Bonds,-----	863 33	
" Premium account,-----	123 48	
	<hr/>	184,765 32
" State Treasury,-----	161,005 75	
" State Treasury for Sinking Fund,-----	494,534 02	
" do. do. for Surplus Revenue,-----		
from United States,-----	1,001,422 00	
	<hr/>	1,656,961 86
To Merchants' Bank, New York,-----	94,344 84	
" Merchant's Bank, Boston,-----	10,303 33	
" Bank of Virginia,-----	24,312 31	
	<hr/>	128,960 48
" Profit and Loss account,-----	3,524 39	
" Contingent account,-----	32,415 45	
	<hr/>	35,939 84
Individual Deposits,-----		672,291 64
		<hr/>
		5,301,553 43

## CR.

By Bills and Notes Discounted,-----	\$1,599,128 74	
" Bills, Notes and Bonds in Suit,-----	166,701 07	
	<hr/>	\$1,765,829 81
" Bonds secured by Mortgage,-----		570,630 55
		<hr/>
		CASH.
By Specie, Cashier,-----	302,198 58	
" Bank Notes, do.,-----	840,523 12	
" Bank Notes and Specie, Tellers,-----	62,897 15	
	<hr/>	1,205,618 85
" Branch Bank, Columbia,-----	769,938 26	
" Branch Bank, Camden,-----	586,067 53	
	<hr/>	1,356,005 79
" Hamburg Agency,-----	14,962 87	
" Georgetown do.,-----	20,286 50	
	<hr/>	35,249 37

" Bank of Charleston Stock.....	98,600 00	
" 3 per cent. State do. ....	18,156 67	
" 5 per cent. do. do. ....	84,360 10	
" 6 per cent. do. do. ....	90,011 61	
" Bank United States do. ....	3,904 00	
" Louis. Charleston, and Cincinn. R. R. do.	2,500 00	
" Commercial Bank.....	486 25	
		298,018 63
" Bank Estate.....	29,773 47	
" Real Estate.....	4,706 23	
		34,479 70
" Judgments.....		25,027 06
" Bank United States.....		4,658 55
" Contingent expenses.....		5,035 12
		\$5,301,553 43

C. M. FURMAN, *Cashier.*

November 6th, 1837.

The several items of "Capital," "State Treasury," "State Treasury for Sinking Fund," "Ditto for Surplus Revenue from United States" were vouched by certificate of the Treasurer of the Lower Division.—In examining the item of "Bank Notes Issued," the Committee found that three Books of issues are kept by the Bank, one each by the President, Cashier, and Book-keeper. In these books, all the notes executed by the Bank, with the dates and every particular of identification, are charged, and bills destroyed are credited. From a comparison of these books, the Committee were satisfied that the balance exhibited in the statement was correct.

The items of "Discount Account," old and new, "Interest on Bonds," "Interest on Notes," &c. and "premium account," were compared with the accounts in the Books, and were found correct. In the same manner were vouched the items of "Merchant's Bank, N. Y." "Merchant's Bank, Boston," and "Bank of Virginia," which consists of deposits to the credit of those Banks. "Profit and Loss account," and "Contingent account," were ascertained to be true balances of those accounts. By the first it appears that that sum has been realized from debts considered desperate.—The latter is in fact a Profit and Loss account. The credit of the account consists of \$20,638 73 received from the profits of the last year, and \$34,400 00, for profit on the sale of Charleston Bank Stock. \$22,623,28, are debited for losses during the last year ascertained.

In examining "Bills and Notes Discounted," "bills, notes and bonds in suit," and "bonds secured by mortgages," the bill and bond ledger were produced to the committee, who called for every bill, note and bond, which were produced, except when actually delivered to the Attorney of the Bank, and the sufficiency of the maker and endorsers of each note, and the principal and sureties of each bond, with the value of the property mortgaged, was separately considered, and the Committee agreed unanimously, that considering the large amount, the security for the loans of the Bank was very satisfactory; and evinced a prudent and careful administration in this particular.

The amount of bills and bonds in suit, is larger than usual. But a considerable portion of this sum should be properly classed among suspended debts, (of which the Bank keeps no separate account) being bonds and bills

put in suit, in consequence of the omission of the parties to comply with the rules of the Bank, or in which, by death of some of the parties, a compliance is not practicable. Of the entire sum, the committee agreed that but a small part is in danger. The "Cash," consisting of specie and bank bills in charge of the Cashier and Tellers, was verified by counting the bills and weighing the specie. The items of the branch Bank at Columbia, branch Bank at Camden, and Agencies at Georgetown and Hamburg, could be vouched at the date of the statement, only by the books of the Bank. The returns of those Banks and Agencies being brought up to the 1st of October, the end of the fiscal year. The committee were informed by the president, that the amount charged to the agent at Hamburg, is alleged by him to have been destroyed by fire. A suit has been directed against the agent.

All the certificates for the stock credited in the statement, were produced. "Bank estate," is the cost of the Banking houses in Charleston, Columbia and Camden.

"Real estate," represents the balance of an account kept of real estate bid in by the Bank, under mortgages and judgments; the price paid by the Bank is debited, and the price on a sale is credited. The lands owned by the Bank under this account, are worth much more than this balance, and when sold will afford a profit. "Judgments" were purchased by the Bank, being prior in date to other judgments held by the Bank, and the possession of which was important to the control of the property. They are two, and are unquestionably good. The last two items were verified, by reference to the books.

JOS. E. JENKINS, } Committee  
JOHN BRYAN.        } of Senate.

The Special Joint Committee of the House, to whom it was referred to examine and report the condition of the Bank of the State in Charleston, report:

That in conjunction with the committee of the Senate, they met at the Banking House in Charleston, and commenced the investigation, Monday, November the first, which they continued from day to day, during the hours of business, until the eleventh. Instead of examining the annual statements prepared for the Legislature, on the first of October, the committee determined to examine its condition at the date of the examination, and proceeded to verify the statement of the Cashier of the 6th November, which follows.\*

The several items of capital, State Treasury, State Treasurer for Sinking Fund, Do. for surplus Revenue from United States, were vouched by the certificate of the Treasurer of the Lower Division. In examining the item of Bank notes issued, the committee found that three books of issues are kept by the Bank, one each, by the President, Cashier and Book-keeper. In these books, all the notes executed by the Bank, with the dates and every particular of identification, are charged, and bills destroyed are credited. From a comparison of these books, the committee were satisfied that the balance exhibited in the statement was correct.

\* This statement was not found in the report.

The items of Discount Account, old and new, Interest on notes, &c. Interest on bonds, and Premium Account, were compared with the accounts in the books, and were found correct. In the same manner were vouched the items of Merchants' Bank, New York; Merchants' Bank, Boston; and Bank of Virginia, which consist of deposits to the credit of those Banks. Profit and Loss account, and Contingent account, were ascertained to be true balances of those accounts. By the first it appears that that sum has been realized from debts considered desperate. The latter is, in fact, a Profit and Loss account. The credits of the account consist of \$20,638 73, reserved from the profits of the last year, and \$34,400 for profits on the sale of Charleston Bank Stock. \$22,623 28, are debited for losses during the last year ascertained.

In examining "Bills and Notes discounted," "Bills, Notes and Bonds in suit," and "Bonds secured by Mortgages," the Bill and Bond Ledgers were produced to the committee, who called for every Bill, Note and Bond, which were produced, except when actually delivered to the attorney of the Bank. The sufficiency of the maker and endorsers of each note, and the principal and sureties of each bond, with the value of the property mortgaged, was separately considered, and the committee agreed unanimously, that considering the large amount, the security for the loans of the Bank was very satisfactory, and evinced a careful and prudent administration in this particular. The amount of bills and bonds in suit is larger than usual. But a considerable portion of this sum should properly be classed among suspended debts, (of which the Bank keeps no separate account,) being bonds and bills put in suit, in consequence of the omission of the parties to comply with the rules of the Bank, or in which, by death of some of the parties, a compliance is not practicable. Of the entire sum, the committee agreed that but a small portion is in danger.

The "Cash," consisting of specie and bank bills, in charge of the Cashier and Tellers, was verified by counting the bills, and weighing the specie. The items of the branch Bank at Columbia, branch Bank at Camden, agencies at Georgetown and Hamburg, could be vouched at the date of the statement only by the books of the Bank. The returns of those books and agencies being brought up to the 1st October, the end of the fiscal year. The committee were informed by the President, that the amount charged to the agent at Hamburg, is alleged by him to have been destroyed by fire. A suit has been directed against the agent.

All the certificates for the stock credited in the statement, were produced. "Bank estate," is the cost of the banking houses at Charleston, Columbia and Camden. "Real estate" represents the balance of an account kept of real estate bid in by the Bank, under mortgages and judgments. The price paid by the Bank is debited, and the price on a sale is credited. The lands owned by the Bank, under this account, are worth much more than this balance, and when sold, will afford a profit.

"Judgments" were purchased by the Bank, being prior in date to other judgments held by the Bank, and the possession of which was important to the control of the property bound by them. They are two, and are unquestionably good.

The last two items of the statement were verified by reference to the books.

EDWARD FROST, Chairman of  
Committee of House.



(1837.)

## BRANCH AT COLUMBIA.

The Joint Committee of the Senate and House of Representatives, appointed to enquire into the branch of the Bank of the State of South Carolina at Columbia, beg leave to report,

That they met at the Banking House at Columbia, and examined the books and statements of the Bank, and beg leave to present the following table, as representing a correct statement of the condition of this branch, on the last day of September last, the end of the fiscal year, viz: 1837.

Dr.			Cr.	
Sep. 30.	To notes discounted	\$750,609 71	By Bank of the State.....	\$723,324 61
"	Bonds.....	61,878 29	Discount account.....	40,715 63
"	Drafts protested....	4,489 27	Interest on bonds.....	4,052 50
"	Do. payable in		Interest on bills.....	1,712 72
	Charleston.....	24,000 00	State Treasury.....	127,982 38
"	do. do in Columbia	00,340 00	Individual deposits.....	90,497 03
"	Notes in suit.....	13,660 67		
"	Officers salaries....	8,504 88		
"	Incidental expenses.	654 53		
"	Solicitors salaries..	300 00		
"	Cash .....	122,847 52		
		\$987,284 87		\$987,284 87

The nett amount of profit carried this year to the mother Bank, is \$37,021 44.

The committee regard all the bonds, notes and drafts, as well secured, with the exception of about four thousand dollars, which sum was discounted at least twelve years ago. In conclusion, the committee beg leave to add, that the result of their examination was entirely satisfactory, and enables them to state with confidence, that this branch is conducted by the Directors, and by the efficient officer at their head, with integrity and ability, and with advantage to the State.

H. J. CAUGHMAN, Chairman.

November 28, 1837.

(1837.)

## BRANCH AT CAMDEN.

The Joint Committee of the Senate, and of the House of Representatives, appointed to examine the affairs of the branch of the Bank of the State at Camden, beg leave to report,

That by a careful and minute examination of the books of the institution, they were furnished with the best evidence of its safe and favorable condition. A statement of which, on the 30th. of September last, the end of the fiscal year, is herewith submitted.

To capital.....	\$480,000 00
Discount account.....	25,824 49
Interest do .....	3,362 92
Exchange do .....	807 48

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Individual depositors .....	24,939	64	
Mother Bank .....	104,448	90	
By notes discounted .....			505,695 63
do protested .....			640 00
do in suit .....			27,922 00
Bonds .....			20,454 31
Drafts payable in Charleston .....			800 00
Judgments .....			8,723 00
Salaries paid .....			4,950 00
Incidental expenses .....			398 42
Cash on hand .....			69,773 61
Over drafts .....			26 42
			<hr/>
	\$639,383	43	\$639,383 43

Nett amount of profits this year, \$24,946 43.

The committee regard all the debts of the Bank as ultimately good—the notes, bonds and drafts being well secured. The business of the institution has been conducted in a manner most creditable to those in whose charge it has been entrusted. It is worthy of remark, that since its establishment not a dollar has been lost.

In conclusion, your committee would express their high sense of the zeal and ability of the worthy officer at its head.

JOHN CHESNUT, Chairman.

December 1st, 1837.

(1839.)

## FROM THE COMMITTEE APPOINTED IN 1838.

The Committee appointed by Joint Resolution of both branches of the Legislature, and charged with an enquiry into the condition of the parent office of the Bank of the State of South Carolina, at Charleston, respectfully report:

That they have given to the duties assigned them, a minute and laborious investigation, which was commenced early in July, and continued periodically until late in October: during this protracted period, they received from the officers of the institution, both verbal and documentary information, with that prompt and cheerful attention, which contributed largely to facilitate their duties.

*Exhibit A*, contains a general and correct representation of the condition of the office on the 15th July, 1839; this document will vary in many essential particulars, from the corresponding document which will be presented to you, in the annual Report of the President; a difference, however, which arises exclusively from the different periods of examination, as appears from their respective dates. Your Committee will now proceed to offer you their remarks, on the several subjects embraced in this document.

A.  
*Statement of the Bank of the State of South Carolina, Charleston, 15th July, 1889.*

To Capital.....		\$1,156,318 48	By bills and notes discounted.....	\$1,416,523 86	
Bank notes issued.....	\$1,448,763 00		do do in suit.....	93,603 96	\$1,510,027 81
do do under 1 dollar.....	101,169 62		Bonds secured by mortgage.....	601,518 48	
do do at Columbia.....	20,000 00	1,569,932 62	do under Act for re-building city.....	596,625 00	1,198,043 48
Discount account.....	61,978 32		Specie, Cashier.....	364,310 76	
Interest account: Notes, all other Interest, stock, &c. ....			Bank notes do.....	864,314 53	
do do Bonds.....	47,186 50		do do and specie, Tellers.....	118,746 25	1,337,371 54
Premium do.....	47,581 22		Columbia branch Bank.....	857,325 60	
do do under State Fire Loan.....	4,918 29		Camden do do.....	486,800 02	1,344,125 62
State Treasury, Taxes, etc.....	1,190 40	162,854 73	Hanburg Agency.....	14,962 87	
do do for sinking Fund.....	133,102 48		Georgetown do.....	13,159 60	
do do for Surplus Revenue, United States.....	760,150 24		Bank of Charleston..... stock.	147,900 00	38,122 47
State Loan, under Act for rebuilding city....	901,423 09		State three per cent..... do.	26,401 12	
Bank of Charleston.....	995,026 42	2,738,702 20	do five do do..... do.	88,160 10	
Bank of Virginia.....	59,873 32		do six do do..... do.	320,342 48	
Individual deposits.....	16,445 00	76,277 32	Commercial Bank..... do.	486 25	
Profit and loss.....		422,737 99	Bank of the United States do.....	9,184 00	
		2,696 50	So. Western R. R. Bank do.....	12,500 00	612,473 99
			Lou. Cin. and Char. R. Road stock.....	7,500 00	
			Bank estate.....	46,408 02	
			Real estate.....	1,873 62	
			Judgments.....		43,280 35
			Merchants' Bank, New York.....		23,826 10
			Bank of the United States.....		28,231 55
			South Western Rail Road Bank.....		18,366 50
			Contingent expense account.....		9,092 30
		\$6,180,519 93			\$6,180,519 93

*The Capital of the Bank.*—This was created by an Act of the Legislature, passed in December, 1812, incorporating “a Bank on behalf of and for the benefit of the State,” and several amendatory Acts subsequently passed, directing that all the public debt (United States stock) and Bank stocks then held by the State, with all unappropriated balances in the Treasury, should be applied to this object, subject, however, to certain liabilities then incurred by the State, and which requisitions your Committee believe were faithfully complied with, as per Exhibit B, in which the whole transaction will appear in detail. (Comptroller's Exhibit.)

*Bank Notes issued.*—This subject naturally embraces a very interesting and extensive range of enquiry, which your Committee have elaborated, and now submit in an Exhibit C. A corresponding statement of which they advised should be kept in a book specifically appropriated to this object, in which all future general statements shall be entered. It comprehends fully the whole amount of blank and printed paper received by the Bank for the purpose of issues, and of its issues of every denomination since the first establishment of the institution. This document is important, not only as an evidence of the *fidelity* and accuracy with which the affairs of the Bank have been hitherto administered in this essential particular, but also, as presenting an exhibition of facts, on which the most reasonable conclusions may be founded of the large amount of profit which the State, through its Bank, will have derived from this source, and particularly from bills under the denomination of \$5, and on change bills.

Your Committee are so well assured, that it constitutes no part of the policy of this State to supply its coffers through any indirect means, but is so strikingly in opposition to the general character of its legislation, that it will not forego this opportunity of urging upon the Legislature the propriety of abridging the privilege of the Bank, of issuing any bills under the denomination of five dollars. If it be important that a specie circulation, to a given amount, be retained within this State, and that its citizens be protected against an unequal and indirect scheme of taxation, the power to make such issues should be at once restrained. Your Committee are, however, of opinion, that seasons do occur in which the exercise of this privilege may be wisely and judiciously accorded to the Bank; it should, however, be temporary, and adapted to the public necessities. In time of war, the metallic currency is uniformly absorbed, and during periods of great commercial derangement, withdrawn from circulation, for the purpose of cheapening exchanges. In such seasons, the urgency of the occasion and necessity for change, induces irregular emissions from responsible and irresponsible sources, of bills of every character and denomination, which receive a limited and reluctant circulation from the public distresses. In remedy for such evil, and to relieve the public wants at such seasons, it is expedient that the small bills of the Bank of the State be substituted. In the former of these, that is, in time of war, the cause of the emission of such bills would be so manifest, as to preclude the necessity of a reference of the subject to any other tribunal than the President and Directors of that Bank, who would be fully competent to decide on the emergency of the occasion. But in the latter, a season of commercial embarrassment, your Committee would recommend such enactments, as would vest in the Governor of the State, for the time being, authority to grant permission for making such issues, on the joint application of at least three-fourths of the Banks, (numerically,) of the whole State, and on his own convictions

of the propriety of concurring in such application from other evidences of its expediency.

The present topic also affords a favorable head, under which your Committee would most respectfully recommend to the Legislature, that the President and Board of Directors of the Bank of the State be required, immediately after they shall have been elected, to inhibit the reissue of any bill hitherto issued by any previous President, under any pretext whatsoever, and that all the bills of the Bank hereafter received, shall be forthwith cancelled. Your Committee are fully aware that the adoption of this measure will entail some additional labor upon the officers, and an inconsiderable expense upon the Bank. But as a measure of great practical benefit, due alike to the dignity of the State, and to the public security and convenience, by the Legislature, such reasons sink into insignificance. Under any circumstances, it is an unsound policy to press into circulation, bills that have again and again performed all the services for which they were designed; for when they are defaced and torn, and all the precautionary means introduced by art and science to prevent counterfeits and to facilitate detection, are obliterated, the impaired condition of the bill holds forth inducements, and tempts the skill and ingenuity of those violators of the law. Besides, the practice of issuing such bills, too extensively prevalent throughout this State, requires the salutary influence of such an example, and from no source would it operate with more effect than from our own institution.

This argument, applied to mutilated money, does not embrace all the bills that your Committee advise should be cancelled; many of the bills of our banks now in circulation, being of comparatively recent issue. But the necessity of the measure will appear, when we consider that it is now twenty-seven years since the Bank has been in operation: during the whole of which period no definite conclusions of the amount of any class or denomination of its issues, which have been lost or destroyed, could be reached, except, perhaps, the \$100 from the first plate; and although a well digested plan was originally devised for cancelling all mutilated bills by numbers, it was in practice found impossible of execution; for long before the bills were regarded too much worn for circulation, and in almost every instance in which they were submitted to the Board of Directors to be burned, the numbers and letters of the bills, and generally the dates corresponding with their respective scales, were obliterated. The officers were, consequent on this difficulty, required to arrange the bills according to the plates, and not the issues, and in this order only have they been cancelled. Hence the necessity of a general change in its issues. This expedient can determine the precise amount of the bills of the Bank now in existence, and your Committee know of none other so effectual. The moment, too, is most auspicious to the object; the election of another President, and probable reorganization of the general economy of the institution, will constitute for it a new epoch, to which, in reviewing its proceedings hereafter, our successors will limit their researches.

*Discount Account.*—Represents the profits of this office for the current year, and to the date of the Exhibit A. The difference in the amount here represented, compared with that which appears in the annual report of the President, arises from the cause previously stated; the examination of your Committee occurring in July, and the general statement of the Bank on the 1st of October.

*Interest on Notes, Stocks, &c.*—This item represents the whole amount of the interest receivable by the Bank on all subjects yielding an interest, other than the discount on notes and interest on bonds. It comprehends all Bank dividends, interest on State stock, judgment debts, &c. &c.

*Interest on Bonds.*—This amount represents the interest arising from money originally loaned, and bonds taken as the evidence of debt, bearing an interest of 7 per cent. per annum, the payment of which is secured by mortgages on real or personal estate or both. On this subject your Committee will offer a few remarks, under an appropriate head.

*Premiums.*—The amount of profit derived to the Bank from drafts at home, and on Northern Banks; in other words, the profits on its Exchange Account.

*Premiums under the State Loan.*—A profit arising from the sale of drafts which were made on a part of the first loan for rebuilding Charleston, received in New York.

*State Treasury.*—Exhibits the amount to the credit of the Treasury in July, since probably reduced.

*Sinking Fund.*—The amount accumulated from the profits of the Bank, and pledged by the State to redeem the stock issued to create a fund for Internal Improvements.

*Surplus Revenue of the United States.*—This amount, originally \$1,051,422 09 has been reduced to the sum stated by payments made to the Cincinnati and Charleston Rail Road, under the authority of the Legislature.

*Loan to re-build Charleston.*—This represents the amount negotiated in England, of the two million loan, authorized by the State, to re-build the City of Charleston. [See Exhibit D, which represents the terms on which this amount was negotiated, and the nett proceeds, as paid into Bank.]

*Bank of Charleston.*—This amount is due to the Charleston Bank. Such balances appear from weekly exchanges with each other, among the Banks of the City, and are perpetually fluctuating.

*Bank of Virginia.*—This amount is due to the Bank of Virginia, for that sum collected in this State, an act of courtesy which Banks are usually disposed to reciprocate.

*Individual Deposits.*—Comprehend all other deposits than those made by the State Treasury: as the deposits of public officers, incorporations, guardians, &c. &c. enjoined by law, as well as the voluntary deposits of individuals.

*Profit and Loss.*—This amount was recently collected from an individual who was considered insolvent, and whose debt had been previously passed to the account of profit and loss.

Your Committee now turn to the credit side of this exhibit.

*Bills and Notes Discounted.*—This item represents the whole amount of the active operations of this office, that is, of the banking operations. Your Committee received from the Cashier all the notes, which, in the aggregate, make the amount here represented; compared each with the office entries, and found them perfectly correct. This amount of discounted bills and notes, appears unusually small for a Bank of such ample and permanent resources as the Bank of the State. The causes of the limited amount will appear as we progress.

*Notes in suit.*—Belong to the same class of papers, and exhibit far too great a portion of this particular debt.

On these two heads, your committee feel constrained, by the obligations

of a high moral duty, arising from the nature of their appointment, and the trust reposed in them by the Legislature, to remark, that a very large proportion of this debt is of a mixed character, having all the permanency of a bond debt; without the legal and collateral security which the latter affords. Premissory bills and notes are, in their very nature, transient; they express a purpose to be consummated within a limited period, and all the evidences of the sufficiency of their security appear on them. The parties to such papers are rarely required, and but seldom propose, to secure the payment of purely business paper by the hypothecation or mortgage on property of any kind; but are left freely to use or pledge any or all the property they may hold, for the satisfaction of any other debts they may have contracted. Hence it requires an observant and judicious Board of Directors to decide on the validity of bills and notes offered for discount, even for the short time for which they are commonly drawn, 60, 90, or 120 days. When such paper arrives at maturity, the Banks by common consent, sanction offers for renewal, which generally reduces the original debt 20 to 25 per cent,—the direction again consult on the validity of the note offered as a renewal, and if either of the parties have failed or become incompetent to pay, the drawer or endorser is required to improve the condition of the note, by an additional name, or collateral security. This rapid reduction of paper, imparts a healthy action to the Bank; the security of this quality of its debt, essentially rests upon it, and the constant and copious receipt and disbursement of its own bills and of the bills of all other Banks enables it to form correct views of the extent of business of each, and of the prosperous or adverse circumstances under which it is transacted. Through this means, the Bank protects itself from sudden pressure, being at all times able to contract or expand its issues. In a word, if there be one principle more than another which fatally affects the influence, impairs the utility, and endangers the Bank itself, that principle is a stationary discount debt; such a debt is found in the Bank of the State, to an alarming amount, which your Committee, without data to fix the sum, but judging alone from the business complexion of its debtors, would estimate at least at one-half of the discount debt. Your Committee request distinctly to be understood, that it is not their purpose to say, that this portion of the debt is bad, or that the parties are unable to pay; for on the contrary, a portion of it is due from the wealthiest individuals of the State; but they do say, that a part of it has become doubtful since it was originally contracted, and through its misapplied indulgence; and that its tendency is to increase the amount of its bills and notes in suit and under judgment. Such a debt becomes peculiarly obnoxious in another view; the Bank, created by the funds of the State, is the property of all the citizens of the State, and therefore, its general conduct should be directed to the accommodation of the greatest number of those who are its proprietors. If wealthy men require large amounts, let them have it; but make the periods of payment short, and it will pass into the hands of those who require less, and in proportion to their ability, will derive commensurate benefits. An individual who receives from the Bank \$20,000, and continues the debt for five years, will deprive forty of his fellow citizens of all they may require, a discount of \$5,000 for six months. Thus the moiety of the discounted debt of the Bank which remains stationary in the hands of a few favored debtors, operates in the ratio stated, to the exclusion of others having equal claims, thereby creating a monopoly in the hands of such as

least benefit the Bank, to the exclusion of those who might impart to it health and vigor.

At the present conjuncture, when money cannot be purchased at less, perhaps, than 5 or 7 per cent. per month, this condition of the Bank debt assumes its most revolting aspect. A very few thousand dollars, and for a very short period of time, would relieve the positive distresses of many individuals of competent means; it would save from the most ruinous purchases of money, others who are now compelled to yield the acquisition of years of labor, to save their commercial credit, the mainspring to future prosperity; and this unhappy condition is endured, that a *few* more favored may continue to enjoy a common privilege of which they have long since engrossed a full share. To the Bank of the State, such a debt is peculiarly ineligible and inappropriate; it has become one of the most important duties of this Bank, under recent legislative action, to regulate the currency of the State, and though in its effort to comply with this requisition, it should put less money into the general coffers, it would better promote the public prosperity and sustain the dignity of the State, by obeying its mandate. Nothing, your Committee believe, has been done to effect this object; and nothing can be done while the Bank perseveres in this inert policy, for it must continue to apprehend a spirit of retaliation from any institution in this, or either of the neighboring States, whose excessive issues it would curb or reprove.

*Bonds secured by Mortgage.*—The practice of lending money in the first instance on Bond, secured by Mortgage on Real or Personal Estate, or both, is perfectly anomalous, has no existence, your Committee believe, in any other Bank, and is directly opposed to Banking principles. The argument, that it is the most secure debt the Bank can contract, is specious, and in no wise excuses the practice: were we to test the value of good bonds and good notes, in open market, we should soon learn, that of the two commodities, good notes were in most esteem. For a Bank, then, to reject the most valuable of these articles, and discount the least valuable, is at least, in error of conduct. Should the Legislature perceive advantages in this course of policy, which your Committee do not, it would be wise, at once to change the character of the Institution, and transform it into a Loan Office. In this new creation, it would command a far more extended choice of such obligations. The citizens of the whole State, apprised of the change, would each enjoy equal advantages. And from all quarters, State Stocks, Bank Stocks, Lands, Negroes, Houses and Lots, would pour in an ample tide of competition, and security would be piled on security, to obtain a preference. But there are invincible reasons why this change should not occur: First, the institution would cease to be a Bank; it would necessarily be compelled to yield its chief attribute of a Bank, the power to emit Bills; for when the whole capital of the Bank is once invested in a stationary debt, the returns of payment are quite too slow to enable it to redeem its Bills, when presented at its own counters for payment. A stationary debt is hostile to Banking, for it is *alone* by the rapid change and rotation of its debt, that it is enabled to sustain an extensive circulation of a larger amount of bills, and the amount circulated will generally be found proportionate to the activity of its business; for should the Board of Directors determine to invest the whole amount of capital in Bonds, the whole amount of issue would be constrained within the limits of the amount receivable on such Bonds.



The subject now considered, presents a happy illustration of the remarks made by your Committee, on the subject of a permanent discount debt; a bond debt creates an odious monopoly of the funds of the Bank. The present bond debt is \$600,000; the amount of debtors 120—an average of \$5,000 to each. Should the whole amount of capital be loaned in the same ratio, 200 individuals would absorb the amount, in exclusion of 50,000 who have equal rights. There are many other, and scarcely less cogent reasons, why the Legislature should frown on this course of policy, which your Committee forbear to urge, having already projected this Report beyond a seasonable length; and will only add, that all the reasons applicable to a stationary discount debt, apply with equal force to a bond debt.

*Bonds given under the Act for re-building Charleston.*—These bonds were also exhibited to your Committee, examined and compared with the Bank statement, and found to be correct. The plan devised by the Attorney-General, and observed by the Bank, appears to your Committee, to be wise and judicious. The amount supplied for building has, since the inspection of your Committee, been increased, and will probably, within another year, embrace the whole amount provided.

*Specie and Bank Notes in the hands of the Tellers.*—Exhibit E furnishes a detailed statement of the several parcels and sums of money in the hands of the Cashier and Tellers of the Bank, which was satisfactorily examined by the Committee, and found correct. The whole amount in the hands of the Tellers, on the day their money was counted, exceeded a little, \$140,000; so very large an amount considerably transcends the daily requisitions of the Bank; and should not, therefore remain in the hands of those officers. Your Committee very earnestly advise the immediate reduction of the sum, and by frequent exchanges with the Cashier, to prevent in future so large an accumulation in their hands. The propriety of this measure is urged with more earnestness at this moment, from the circumstance that the present incumbents are tried, faithful and most valued servants of the institution, whose acknowledged integrity, and perfect fidelity, through a long series of years, furnish a perfect conviction to their minds, that your Committee could intend no allusion to them, with whom any amount would be safe; but merely to advise a measure of policy, which, through all future time, would be wise and salutary.

The very great accumulation of mutilated bills in Bank, in the hands both of the Cashier and Tellers, the Committee do also very earnestly object to; at present it exceeds \$60,000. Your Committee regard it both irregular and improper, that so large a sum of money, of no future use to the Bank, should be permitted to encumber the office, communicating uncertainty to the reports of the examining Committees, or subjecting them to the very laborious and obnoxious duty of counting them at each examination. A Committee of three, (the usual number of the examining Committee of the Bank,) would be occupied probably three days in ascertaining correctly, the amount of these bills, from which circumstance, your Committee do infer, that their reports are predicated on the original inspection of the officers, and not with that caution which they observe on all other points of enquiry. Your Committee would, therefore, advise that the Tellers pay weekly to the Cashier, the whole amount of such bills as they may receive; and that the Board of Directors be required to cancel monthly, the whole amount that may be in Bank.

*Columbia and Camden Branches, Hamburg and Georgetown Agencies*—The several amounts here stated, are balances due the parent Bank, from the several auxiliary offices, and were perfectly satisfactory of the amounts here represented.

*Bank of Charleston Stock*.—The number of shares now held by the Bank, is the residue of an original subscription. The Bank having subscribed for eighteen thousand shares, \$1,800,000, obtained under the apportionment of shares subsequently made by the Commissioners, 1,786 shares, for which is paid \$178,600—of the number so obtained, eight hundred were sold at an advance of \$43; producing a profit of thirty-four thousand dollars on the number sold. The remaining 986 shares, represented on the books of the Bank, \$98,600, which, with two subsequent payments on the new stock, amounting to \$49,500, constitutes the sum total of that stock held in that Bank, and is as represented in the exhibit. Your Committee would barely remark, in reference to this transaction, that although the Bank incurred but little hazard of loss by this extraordinary measure, yet, in a public and moral view, it presents singular and more striking features. The State had already pledged the whole capital of the Bank, with all its future profits, to the payment of its own debt. Yet the officers who conducted the Bank, on a mere speculation, the issues of which, like all speculation, was for a time doubtful, pledged anew, not only the whole capital of the Bank, but \$740,000 more; an amount which covered, not the capital only, but the whole amount of the sinking fund. If under such circumstances, the Bank could have maintained its claim in a Court of Law, to an apportionment of shares, it is nevertheless a most dangerous and alarming precedent, against the recurrence of which it is the especial duty of the Legislature to guard. The question, in the abstract, Have the President and Directors a power to pledge the capital, and the sinking fund of the Bank to any object incompatible with the legislative will and plighted faith of the State?—can admit but of one answer; and if they cannot, have they a right to the profit arising from a pledge thus made?

*Three per cent. stock*.—This stock being irredeemable in the hands of the holders of it by the State, but at its par value, is retained by them, in the expectation that at some future time, when large surplus balances remain in the Treasury, the State will be induced to disincumber itself of this debt, and they shall receive the full amount of it; in this expectation, and because it is a more permanent stock than any other, it is more valued, fluctuating in price from \$60 to \$80. Your committee think it advisable that the Bank should continue, as occasion offers, to purchase this stock, provided they do not exceed the price hitherto paid for it.

*Five and six per cent stock*.—These amounts were purchased in anticipation of the heavy disbursements the Bank will be required to make in the year 1840. All the certificates of stock were presented to your committee, who compared them with the entries in the books of the Bank, and found them correct.

*Commercial Bank, and Bank of the United States*.—Stock held in those Banks respectively.

*South Western Rail Road Bank, and Louisville, Cincinnati and Charleston Rail Road*.—The amounts here represented, are instalments paid on 500 shares subscribed for to the Bank and Rail Road. For a particular and correct statement of all the stocks held by the Bank of the State, see exhibit F.

*Bank estate.*—This item refers to the real estate held by the Bank for banking uses, and represents the amount due to the Bank from this account, and for which the Bank holds property in real estate, amounting, per exhibit G, to \$101,000.

*Real estate.*—Represents property which the Bank has been constrained to take in payment of debts, contracted in the usual way. See also exhibit H.

*Judgments.*—Are two judgments purchased, and now held by the Bank. See exhibit I.

*Merchants' Bank of New York, Bank of the United States, South Western Rail Road Bank.*—These several amounts are due from those Banks to the State.

*Contingent expense account.*—The current and incidental expenses of the Bank, including fuel, stationery, repairs and officers' salaries.

Your committee should, perhaps, at this point, close their report, having already detailed many particulars with unusual, and as may be conceived, unnecessary minuteness; yet, as their labors were commenced with dispositions to the exercise of this trust in its most rigid and independent outline, and to present to this Legislature, a full and faithful representation of the affairs of the Bank, they would still, though reluctantly, trespass further on your patience. Among the debtors to this office, are several individuals who have at the same time contracted debts with more than one of its offices. And in at least one instance, at all three of the offices. As these practices, if extensively sanctioned, may lead to liabilities beyond the competency of the debtor, it is deemed advisable to admonish the board of the necessity of some specific rule on the subject. Under any circumstances, it would certainly better promote the convenience of the party, to have his whole debt concentrated at one office, and that nearest to him; while the interest of the State would be more effectually secured by the supervision of a board of directors, who are in the immediate vicinity of the debtor, and thereby better informed of his situation and condition to pay the debt. There is another class of debtors to which your committee advert with great reluctance—these are incorporated institutions generally. To a certain extent, they are irresponsible bank debtors; they have neither that high sense of moral obligation which affects individuals, nor that bank credit of which men engaged in business are usually so sensitive. A protest entered against any such institution, affects no member of it; and its credit remains unimpaired abroad, so long as they can fulfil their engagements with individuals at home. Should the Bank through super-abundant caution, require personal indorsation, a single individual is rarely found, who possesses the temerity to venture alone; and if a dozen or more names are attached, it only serves to invest the debt with a resisting influence, which demands more energy and decision to enforce the collection of it, than is generally found in a board of directors. Other objections are also applicable to such institutions; they are commonly founded in enterprises which point to some great public benefit; and in this view, obtain the legislative patronage in charters as liberal as the individuals composing them require. With such evidences of the public favor to rely on, no emergency can arise, in which they may not calculate on the exercise of a spirit of forbearance from any board of directors in this State. The argument employed on this subject is practically illustrated in the conduct of the Bank itself, in relation to loans of this character.

In the examination of the bond debt, your committee were led to infer that loans were occasionally made on a mortgage of lands in other States; this practice cannot be too early checked. The dangerous tendency of such a proceeding requires no comment, and can be regarded in no other light than as a diversion of the funds of the State from its legitimate uses.

More than a year has passed since the President and Directors of the Bank resolved on changing the location of their office; and for this purpose, purchased a stately edifice directly opposite to the building which they at present occupy. This building is spacious, but rather in its elevation, than the ground dimensions, and will probably cost, when complete, \$60,000. It was in part paid for from the profits accruing on a sale of 800 Charleston Bank shares, which being at first placed to the profit side of the profit and loss account, was subjected to a reduction of \$2,000; the remainder, or \$32,000, was made applicable to this object, and the balance supplied from the general profits of the Bank. Your committee are particular in this statement, because of the urgency with which inquiry was pressed at the last session of the Legislature. The building was not originally designed, and your committee conceive, is not appropriate, from its structure, to the uses to which it is now applied; it is, however, in point of location, the best that could have been selected. The upper apartments of this house are well and judiciously arranged for the accommodation of two families, and may probably be occupied by the President and Cashier of the Bank. But whether the Legislature will justify a purchase of so great an amount, without requiring their previous sanction; whether it would be prudent to expose the Bank to the risks incident to the residence of families in the same building; and whether an indirect method of increasing salaries shall be allowed, it is for the wisdom of the Legislature to decide. Your committee have performed their duty—a duty, under any circumstances, the least pleasant that can be assigned to members of either house—a duty which must be commenced under suspicion, and prosecuted in that spirit; its search is for irregularities and discrepancies of conduct; and its highest obligation is to disclose them. This has been done with fidelity, and they would close their labors, by congratulating the Legislature and the State, on a sound condition of their Bank, one from which little loss may be anticipated, and whose chief errors are ascribable to a temporizing course of policy, and misapplied indulgencies.

1. *Resolved*, That the Bank of the State of South Carolina was created for the general benefit of the citizens of the State, and not for any particular set of men; that the practice of allowing individuals to borrow and retain for a long time, the funds of the Bank, is alike prejudicial to the true interests of the public and of the Bank, and ought not to be allowed; that it is the opinion of this Legislature, that the President and Directors of this institution should at once correct such a practice, and should take measures to call in all such debts; and by diffusing the benefits of the Bank among the citizens generally, recover a control over its own resources, and over the currency of the country.

2. *Resolved*, That the President and Directors ought, in the opinion of this Legislature, to encourage by their own example, the due rotation of the funds of the Bank, by discountenancing large or long accommodation loans, and by paying up regularly, at least one-fourth upon all renewals.

3. *Resolved*, That the loan of money upon bonds, is inconsistent with the nature and functions of a specie-paying Bank, and should in no wise be continued; and that the Bank should take speedy measures to place

within its reach, such part of its funds as have been thus diverted from their proper employment.

4. *Resolved*, That loans to incorporated trading companies are among the least desirable uses to which the Bank can apply its funds, their tendency being to pass into debts, at the same time stationary, monopolising, and unavailable, and that this Bank should discountenance any such loans.

5. *Resolved*, That the permission to issue bills for the purposes of currency, is a high privilege, which ought to be employed for the public good; that it is an abuse of this privilege, for the Banks entrusted with its exercise, to give out to the citizens, defaced and mutilated bills, thereby producing inconvenience to all, and imposing losses upon the poorest and least protected class of society; that the Bank of the State being the agent of the State itself, should not only by its example encourage, but by its direct action, cause the withdrawal from circulation of all such paper.

6. *Resolved*, That the quantity of its own mutilated bills, which is now in the possession of the Bank, is an evil, and that the President and Directors should proceed forthwith to destroy the same; that with a view to prevent its future accumulation, the Teller of the Bank shall deliver up weekly to the Cashier, all such mutilated bills as they shall receive; that the board shall monthly cause them to be destroyed, and that the President shall report to the Legislature as to the discharge of this duty.

7. *Resolved*, That at this period of the existence of the Bank, it would be prudent to close and ascertain the amount of its former issues; that the President and Directors do therefore take immediate measures for a new issue of bills, and that after the first day of October next, none of the bills of the Bank which shall have been signed prior to the first day of January next, shall be issued by the Bank, or by any of its Branches.

8. *Resolved*, That it is expedient and proper, that the debt of each debtor of the Bank, should be concentrated in that office of the Bank which by its proximity, would be best advised of the condition and movements of the debtor; and that loans ought not to be made to the same parties at two different offices of the Bank, during the existence of the same debt.

9. *Resolved*, That any traffic by Banks in stock, or any speculation by them in the property or produce of the country, is prejudicial to its welfare, and detrimental to the public morals; and that the Bank is hereby enjoined not to deal or trade in any stock, otherwise than in the mere purchase of stock of this State, for the purpose of redemption or investment, or where stock may be received in commutation of debts heretofore incurred.

10. *Resolved*, That this Bank, as the fiscal agent of the State, ought to be placed in such a situation, as to be enabled to correct or check the improvident action of other Banks; that the depreciation within the State, of the bills of Banks incorporated within its limits, is an evil which is oppressive to the productive industry of the country; and that the resolution adopted by this Legislature at its last session, relating to the keeping at par the notes of all Banks within this State, ought steadily to be kept in view by this Bank, and, as soon as possible, carried into execution.\*

Bill which is respectfully submitted.

THOS. BENNETT, *Ch. Com. of the Senate.*

C. G. MEMMINGER, *Ch. Com. House of Reps*

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\* Neither of these resolutions was adopted.

B.

*Bank of the State of South Carolina for its Capital, in Account with the State.*

1813.					
Sept.	To 800 shares in Pl'ntr's and Mechanic's Bank, sold at 19,341 77				
	498 do in State Bank, sold.....	53,004 99			
	Articles (used in transporting materials) sold.....	200 00		\$72,546 76	
	Cash paid at Charleston Treasury to S. Elliott.....			30,000 00	
	873 shares in State Bank, sold for.....	90,556 58			
	Articles (used in transportation) sold.....	220 00		90,776 58	
1814.					
Jan. 7.	Cash from Charleston Treasury.....	35,512 35			
April,	Do. do. do. ....	19,994 08			
June,	Do. do. do. for print'g P. Medium Bl'ks.....	2,286 50			
July,	Do. do. do. ....	4,784 87		62,576 80	
October,	Do. do. do. ....	11,341 26			
1815.					
January,	Do. do. do. ....	38,091 15			
April 19	Do. do. do. ....	17,597 72			
August,	Do. do. do. ....	15,876 30		82,907 03	
1816.					
Nov. 1,	Do. do. do. ....	13,030 65			
1816.					
January,	Do. do. do. ....	38,188 82			
April,	Do. do. do. ....	31,651 12			
July 29,	Do. do. do. ....	17,375 66		100,246 25	
1817.					
	417 shares in State Bank sold.....	45,815 00			
	1,166 do. transferred to Cashier.....	116,600 00			
	Profits on 156 shares since sold.....	3,076 80		165,491 80	
1816.					
	46 shares in State Bank, sold 1816,.....			5,920 20	
Nov. 14	Cash from Charleston Treasury.....	15,711 22			
1817.					
January,	Do. do. do. ....	38,931 67			
May 20,	Do. do. do. ....	43,650 54			
July 2	Do. do. do. ....	14,120 23		112,413 66	
Dec. 24,	Do. do. do. ....	14,772 46			
1818.					
Dec. 24,	Do. do. do. ....	39,304 97			
May,	Do. from balance in Treasuries, 1st April.....	258,385 30			
	Do. do. Interest received from United States.....	15,604 29		328,067 02	
1819.					
	Profits on 93 shares in State Bank sold.....			1,920 00	
July 2,	United States Stock sold.....			147,871 40	
				1,200,737 50	
1819.					
August,	By Funded State Debt redeemed.....			176,029 95	
	Do. Old Six per Cent. do.....	3,281 15			
	Do. do. Three per Cent. do.....	36,621 02		39,902 17	
				215,932 17	
Nov 6,	Cash from Charleston Treasury.....	29,375 57			
1819.					
Feb. 25,	Do. do. do. for interest on U. S. Stock, ..	10,842 61			
April,	Do. do. do. ....	127,196 28			
Aug. 6,	Do. do. do. ....	4,098 64		171,513 10	
				\$1,372,250 60	
	To above balance, being the Capital of the Bank brought down.....			1,156,318 48	
1828. April.					
	By amount brought forward.....			215,932 12	
	Balance, being the Capital of the Bank.....			1,156,318 48	
				\$1,372,250 60	

The foregoing is taken from the books in the office of the Comptroller General in Charleston. In the year 1828, I was clerk to the then Comptroller, A. Spears, and not approving of books kept in that office, I opened a new set of books, which should embrace the transactions of both Treasuries, and show more distinctly the fiscal concerns of the State. Upon referring to the books of the Lower Treasury, I found but one account raised for "*the Bank of the State of South Carolina*," in which were intermingled the sums paid from the Treasury on account of its capital, and on account of loans made to the State for paying the direct tax during the last war; also crediting the Bank as well with the amount of State stock redeemed, as with the profits of the Bank up to the 1st October, 1821, so that from the books of the Treasury, the balance against the Bank of the State of South Carolina, appeared in 1833, to be only \$230,848 96. In the books which I opened, I raised two accounts, viz: "The Bank of the State of South Carolina for its Capital," and "The Bank of the State of South Carolina for its Profits." In the former, I charged all the sums paid in for its capital, and 800 shares in the Planters' and Mechanics' Bank, and 3,000 shares in the State Bank, which were sold by the Bank of the State of South Carolina, and taken in part of capital, but which had been omitted to be entered in the books of the Treasury. I also charged the United States stock and interest, which also formed part of its capital. I credited the Bank with State stock redeemed, which left the above balance of \$1,156,318 48 for the capital of the Bank, which corresponds with that reported by the Bank. In 1833, when I became Treasurer of the Lower Division; in order to make the books of the Treasury correspond with those in the Comptroller's office, I closed the former account of the Bank of the State of South Carolina, by charging the State with the erroneous balance of \$231,848 24; and I then made an entry, crediting "the State," and charging "The Bank of the State of South Carolina" with \$1,156,318 48, for the capital of the said Bank, according to the books of the Comptroller's office. Act of incorporation, A. A. 1812, p. 47.

WM. ED. HAYNE, *Compt. Gen.*

CHARLESTON, November 15th, 1839.

C.

*Account of Bank Paper impressions of Bills, &c., of the Bank of the State of South Carolina, to 1st October, 1839.*

DR.	Half Sheets.	CR.	Half Sheets.
To impressions from Draper, Toppan, Longacre & Co., July, 1838.....	2,000	By issued impressions from Draper, Toppan, Longacre & Co., in 50-100.....	2,000
To Bank paper from Bank of S. C., in 1837 and 1838...	4,002	By issued in 50-100, printed by Wm. Keenan.....	2,100
To Bank paper from Underwood, B. S. & Huff, March, 1838.....	10,000	By issued in 25-100, printed by Wm. Keenan.....	8,902
		Loaned Charleston Insurance and Trust Company.....	1,000
		Balance on hand.....	2,000
	16,002		16,002

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*Impressions of Bills and Bank Paper on hand, 1st October, 1839.*

	Half Sheets.
Plate second, One Hundred Dollar bills.....	1,600
Plate third, Ten Dollar bills.....	700
Plate third, Five Dollar bills.....	6,005
Plate third, Two Dollar bills.....	4,011
Plate second, One Dollar bills.....	4,816
Plate third, Fifty Cent bills.....	9
Plate third, Twenty-five Cent bills.....	6
Blank paper on hand.....	2,000
	<hr/> 19,147

*General view of the balances of the different issues of Bills under One Dollar, of the Bank of the State of South Carolina, 1st August, 1839.*

First plate, Fifty Cent bills issued.....	\$73,651 50	
do do cancelled.....	61,478 50	\$12,173 00
Second plate, Fifty Cent bills issued.....	86,708	
do do cancelled.....	72,642	14,066
Third plate, Fifty Cent bills issued.....	60,400	
do do cancelled.....	38,283	22,117
First plate, Twenty-five Cent bills issued.....	42,826	
do do cancelled.....	33,368 25	9,457 75
Second plate, Twenty-five Cent bills issued.....	43,276	
do do cancelled.....	34,400 50	8,875 50
Third plate, Twenty-five Cent bills issued.....	39,800	
do do cancelled.....	20,713	19,087
First plate, Twelve and one-half Cent bills issued.....	3,150	
do do cancelled.....	2,360	790
Second plate, Twelve and a half Cent bills issued.....	25,752 37	
do do cancelled.....	16,255 74	9,496 63
First plate, Six and a Fourth Cent bills issued.....	1,150	
do do cancelled.....	521 50	628 50
Second plate, Six and a Fourth Cent bills issued.....	8,638 31	
do do cancelled.....	4,160 07	4,478 24

Amount of issues under \$1, on 1st August, 1839.....\$101,169 62

C. M. FURMAN, Cashier.

*General view of the issues of the Bank of the State of South Carolina, of One Dollar bills and upwards, on 1st August, 1839.*

DR.	
To balance in circulation on 1st October, 1838.....	\$1,597,150
Issue of 112 sets \$1 bills, first plate.....	\$44,800
Issue of 351 sets \$1 bills, second plate.....	136,800
Issue of 20 sets \$2 bills, second plate.....	16,000
Issue of 195 sets \$2 bills, third plate.....	156,000
Issue of 4 sets \$5 bills, second plate.....	8,000
Issue of 40 sets \$10 bills, second plate.....	160,000



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To Issue of 15 sets \$10 bills, third plate.....	\$60,000
Issue of 10 sets \$20 bills, first plate.....	80,000
Issue of 1 set \$100 bills, first plate.....	40,000
Issue of 4 sets \$100, second plate.....	160,000
	<b>\$861 600</b>

**\$2,458,750**

Cr.	
By cancelled \$1 bills of first plate, since 1st October, 1830.....	\$76,880
do \$1 bills of second plate do .....	67,183
do \$2 bills of first plate do .....	4,655
do \$2 bills of second plate do .....	203,139
do \$2 bills of third plate do .....	28,450
do \$5 bills of first plate do .....	160,065
do \$5 bills of second plate do .....	216,190
do \$10 bills of first plate do .....	98,500
do \$10 bills of second plate do .....	135,290
do \$10 bills of third plate do .....	35
do \$20 bills of first plate do .....	207,670
do \$100 bills of first plate do .....	1,600
do \$100 bills of second plate do .....	2,200
Balance of issues, 1st August, 1839 .....	1,400,263

**\$2,458,750**

C. M. FURMAN, Cashier.

### D.

*State of South Carolina, for Loan under the Act for re-building the city of Charleston.*

Dr.	
To cash paid expenses of agents for negotiating loan in London.....	\$4,888 88
To cash paid for engraving, printing, and transmission of bonds, expenses of negotiating in New York, and freight and insurance of specie.....	2,422 42
To balance.....	1,045,428 70
	<b>\$1,052,750 00</b>

Cr.	
By cash received for £232,500 sterling, including premium on exchange, and on drafts on New York.....	\$1,052,750 00
By balance.....	\$1,045,438 70
CHARLESTON, 1st. Oct. 1839.	

E.

*Cash in the hands of the Cashier of the Bank of the State of South Carolina, on Wednesday, the 10th day of July, 1839, viz.*

E. One hundred and three boxes of silver, \$1,000 each	-----	\$103,000	
E. Two bags of silver, \$1,000 each	-----	2,000	
E. One box of silver	----- E. Change	900	
E. One box of silver	-----	500	
E. One box of gold coin, (English)	----- E.	25,000	
E. One box of gold coin do	----- E.	20,000	
E. One box of gold coin do	-----	17,044	42
E. One box of gold coin do	-----	10,198	06
E. One box of gold coin, (American)	-----	15,000	
E. One box of gold coin, (various)	-----	8,290	
E. One bag of gold coin, (English)	-----	10,385	
E. Twenty-one bags of gold coin, (English)	-----	105,000	
E. Eleven bags of gold coin, (French)	-----	48,761	
E. One box, (silver and gold)	-----	380	
E. Kegs of copper coin	-----	1,500	



\$368,059 61

BANK NOTES (\$5,000 and \$10,000)

Seven packages, No. 1, 2, 3, 4, 5, 6, 8, of \$5,000 each, \$5 bills	-----	\$35,000	
Seven packages, No. 9, 10, 11, 12, 13, 14, 15, of \$5,000 each, \$5 bills	-----	35,000	
Seven packages, No. 16, 17, 19, 20, 21, 22, 24, of \$5,000 each, \$5 bills	-----	35,000	
Two packages, No 30, \$5,500, and No. 32, \$5,000, \$5	-----	10,500	
Seven packages, No. 42, 43, 44, 46, 47, 48, 49, of \$10,000 each, \$10 bills	-----	70,000	
Seven packages, No. 50, 52, 53, 54, 55, 56, 57, of \$10,000 each, \$10 bills	-----	70,000	
One package, No. 58, \$30,000, in \$100 bills	-----	30,000	
Two packages, No. 59, \$19,500, and No. 60, \$15,000	-----	34,500	
Two packages, No. 61, \$12,000, and No. 62, \$11,000	-----	23,000	
Three packages, No. 67, \$7,000, No. 64, \$4,000, No. 65, \$3,900	-----	14,900	

\$725,959 61

UNSEALED PACKAGES.

Six packages, No. 1, 2, 3, 4, 5, 6, \$5,000 each, \$5	-----	\$30,000	
Six packages, No. 7, 8, 9, 10, 11, 12, \$5,000 each, \$5	-----	30,000	
Six packages, No. 13, 14, 15, 16, 17, 18, \$5,000 each, \$5 bills	-----	30,000	
Six packages, No. 19, 20, 21, 22, 23, 24, \$10,000 each, \$10 bills	-----	60,000	
One package, No. 25, \$20, \$10, \$5	-----	10,000	
Three packages, No. 26, 27, 28, \$20,000 each, \$20 bills	-----	60,000	
Two packages, No. 29, \$10,000, and No. 30, \$7,000	-----	17,000	
Two packages, No. 31, \$12,000, and No. 32, \$23,050	-----	35,050	
Two packages, No. 33, \$10,400, and No. 34, \$24,500	-----	64,900	
Two packages, No. 35, \$4,000, and No. 36, \$73,600	-----	77,600	
Two packages, No. 37, \$5,600, and No. 38, \$3,771 82-100	-----	9,371 82	

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Cut money.....	2,400
Sealed box of mutilated \$1 and \$2 bills.....	37,700
Sealed box of mutilated \$1 and \$2 bills.....	21,000
Package of mutilated, sealed by Commissioners.....	1,200
do do do do.....	600
do do do do.....	350

### MUTILATED BILLS RECEIVED FROM THE BRANCHES.

Package No. 1.....	1,419 25
do No. 2.....	1,273 68
do No. 3.....	1,539 12
do No. 4.....	1,000
do No. 5.....	650
do No. 6.....	550
do No. 7.....	807 54
do No. 8.....	393 12
Two packages, No. 9 10.....	1,100

\$1,222,374 14

### CASH, 9TH JULY, 1839, AT TWO O'CLOCK.

Cashier.....	\$1,222,374 14
Mr. Cogdell.....	33,731 21
Mr. Lee.....	107,012 44

\$1,363,117 79

### CASH DIMINISHED TO THE DATE OF EXHIBIT A.

15th July, 1839.

By the diminution of "Individual Deposit account,".....	\$1,363,117 79
	<u>1,337,371 54</u>

\$25,746 25

A statement of the bills of this Bank, of the other Banks of the city, &c. and of specie, (as correct as I am enabled to make it,) in my hands, as Teller of the Bank of the State of South Carolina, on the 9th of June, 1839.

W. LEE, Teller.

Bills of this Bank.....	\$69,343 00
Mutilated bills of this Bank.....	4,000 00
Bills of City Bank.....	16,660 00
Bills of Camden, and other Banks out of the City.....	3,377 00
Checks on City Banks.....	13,264 00
Specie.....	368 34

\$107,012 44

Cash in the hands of R. W. Cogdell, Teller of the Bank of the State of South Carolina, 9th July, 1839, \$33,731 21-100, viz:

Bills of this Bank.....	\$10,000 00
Bills mutilated.....	13,460 87

Bills of the Banks of Charleston.....	9,252 00
Specie.....	76 34
Bank of Camden, Com. Bank of Columbia, &c.	942 00

\$33,731 21

R. W. COGDELL, Teller.

F.

*Statement of Stocks held by the Bank of the State of South Carolina, 10th July, 1839, viz :*

SIX PER CENT. STATE STOCK.

One Certificate.....	\$140,000
One Certificate.....	68,970
One Certificate.....	30,000
One Certificate.....	30,000
One Certificate.....	5,000
One Certificate.....	2,500
One Certificate.....	2,000
One Certificate.....	2,000
One Certificate.....	2,000
One Certificate.....	1,000
One Certificate.....	10,150
One Certificate.....	7,036 84
One Certificate.....	5,120
One Certificate.....	3,566 67
One Certificate.....	2,350
One Certificate.....	2,125
One Certificate.....	1,966 66
One Certificate.....	1,107
One Certificate.....	799 37
One Certificate.....	658
One Certificate.....	200
One Certificate.....	346 44

\$318,895 98

Premium paid on.....	}	1,446 50
Do. do. do.....		

\$320,342 48

FIVE PER CENT. STOCK.

One Certificate.....	\$30,000
One Certificate.....	10,700
One Certificate.....	10,000
One Certificate.....	10,000
One Certificate.....	2,500
One Certificate.....	2,350

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One Certificate.....	2,300
One Certificate.....	2,000
One Certificate.....	1,500
One Certificate.....	1,150
One Certificate.....	1,000
One Certificate.....	6,666 66
One Certificate.....	2,552
One Certificate.....	2,628 98
One Certificate.....	850
One Certificate.....	497 65
One Certificate.....	393 71
One Certificate.....	804 44
One Certificate.....	133 33
One Certificate.....	133 33
	<hr/>
	\$88,160 10

### STATE THREE PER CENT STOCKS.

One Certificate, for \$38,385 67-100, cost.....	\$23,712 87
One Certificate, for \$4,480 42-100, cost.....	2,688 25
	<hr/>
	\$26,401 12

Commercial Bank Stock, sixteen shares.....	\$486 25
Bank of the United States stock, seventy-six shares.....	9,184
S. W. R. R. Bank stock, five hundred shares.....	12,500
L. C. & C. R. R. stock, five hundred shares.....	7,500

CHARLES M. FURMAN, *Cashier.*

10th July, 1839.

### BANK OF CHARLESTON STOCK.

Old shares, nine hundred and eighty-six shares.....	\$98,600
New shares, nine hundred and eighty-six shares.....	49,300
	<hr/>
	\$147,900

C. M. FURMAN, *Cashier.*

10th July, 1839.

### G.

*Statement of "The Bank Estate" held by the Bank of the State of South Carolina.*

The building hitherto used as a Banking House in the city of Charleston, at the corner of Broad-street and Gadsden's-alley.    \$25,000

The building lately purchased, and fitted up as a Banking House, in the City of Charleston, at the corner of Broad and State-streets,..... 60,000

The building used as a Banking House in Columbia, situated on Richardson-street,-----	12,000
The building used as a Banking House in Camden, situated on the Main-street in the above place-----	4,000
	<hr/> \$101,000

## H.

*Statement of "Real Estate" held by the Bank of the State of South-Carolina.*

Twenty shares in the Augusta Fire Proof Warehouse-----	\$2,000
A lot of land in the town of Hamburg, the site of the Bank buildings which were burned-----	500
A tract of land purchased from Markley's estate, at Sheriff's sale, under an execution. Agreed to be sold for \$600 to J. L. Ross	600
A tract of land, purchased as above, said to contain        acres---	
	<hr/> \$3,100

The Special Joint Committee upon the Bank of the State, to which was recommitted the report of the same Committee, as to the condition and management of the Bank of the State, at Charleston, have considered the same, and respectfully recommend the following alterations and amendments:

After the word "exhibit," at the top of the eleventh page, strike out the remainder of the paragraph, and insert:

"The Bank, under the circumstances of the times, incurred but little hazard of loss from this transaction. But it is important to bear in mind, that each subscriber would have been bound to make good his subscription, in case of a revulsion; the responsibility of the Bank involved an amount equal to its capital and the sinking fund. In this view of the subject, it becomes necessary to adopt proper precautions against this act being construed into a precedent, which, upon some future occasion, might induce to responsibilities less fortunate in their issues."

On the twelfth page, strike out the words, "but rather in its elevation than the ground dimensions."

On the thirteenth page, strike out the words "may probably," and in lieu thereof, insert "can conveniently."

On the same page, strike out the words "and whether an indirect method of increasing salaries shall be allowed," and after the word "decide," insert the following: "Should it be deemed expedient to use the building as residences for the officers of the Bank, they should be charged with the rent, until some distinct allowance thereof, either as an increase of salary or otherwise, shall have been definitely made by the Legislature or other competent authority."

Strike out the ninth Resolution, and substitute the following:

"9. *Resolved*, That without the previous sanction of the Legislature, the Bank shall not subscribe to the stock of any banking or other company: nor shall it deal, or trade, in any stock, otherwise than in the mere purchase

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of stock of this State, for the purpose of redemption or investment; or where stock may be received in composition of debts theretofore incurred."

All of which is respectfully submitted.

C. G. MEMMINGER, *Chairman.*

1839.

### BRANCH AT COLUMBIA.

The Special Joint Committee of the two Houses of the Legislature, nominated at the last session, to examine into the condition of the Branch of the Bank of the State of South Carolina, located in Columbia, beg leave to submit the following as the result of their examination:

The Committee suppose it is well known that the Branch at Columbia has no paramount capital, and that all of its banking operations are based upon the amount of its indebtedness to the parent Bank, (and this amount is subject to daily fluctuations,) with such amount of the Treasury deposits, as may be casually in its custody. For the purpose of ascertaining, therefore, the condition of the Bank at a given period, it became necessary that the Committee should select some particular day, on which to compare the assets of the Branch, with its liabilities. As the fiscal year closes on the 30th of September, they selected the following day, (1st of October,) as the most appropriate on which to make the comparison; on that day it appeared that the Branch had, in bonds, bills, and notes discounted to the amount of.....\$668,699 73

Notes under protest..... 90,348 00  
Notes in suit..... 65,744 00  
Judgment on bond..... 12,000 00

**\$836,791 73**

In Bank bills..... \$57,005 79 }  
    Specie..... 10,770 00 } 67,980 79  
    Cents..... 205 00 }  
Suspense account, as charged in books of Bank..... 13,660 67  
Profits of the preceding year..... 37,181 20

**\$955,614 39**

On the same day, the liabilities of the Branch were, to the parent Bank,.....\$824,519 43

Profits on discount, exclusive of all expenses 37,181 20 }  
Individual deposits..... 72,186 30 } \$955,614 39  
Treasury deposits..... 21,727 46 }

Regarding the debt due by the Branch to the parent Bank, as above set forth, as an average of its indebtedness throughout the year, (and it will not greatly vary from that amount,) and assuming that debt as the capital on which all the operations of the Branch are conducted, the Branch has, for the twelve months preceding the 1st of October last, made a profit of about four and one-half per cent. On recurring to the books of the Branch, for the several preceding years, and taking the capital of the Branch, (its indebtedness to the parent Bank.) at the nearest day convenient to the close of the fiscal year, it appeared, that in 1834, the profits of the Branch were, exclusive of all expenses of its administration, about 6 7-10 per cent.

In 1835, the profits were about 6 per cent.

In 1836, the profits were about 5 6-10 per cent.

In 1837, the profits were a fraction over 5 per cent.

In 1838, the profits were about 5 6-10 per cent.

Making an annual average profit for the five years beginning with the year 1835, and ending with the year 1838, of 5 8-10 per cent.

It will be observed by the above statement, that a larger per cent. was made by the Branch in the years 1834 and 1835, than in any other year embraced in the series above enumerated, amounting in the two years to \$82,120 05. But the losses sustained by the Branch in 1835, came near absorbing the whole of the profit of those two years. Of the amount above exhibited as profits, only \$6,052 08 were carried to the credit of the parent Bank; the residue (\$77,067 97,) was applied to cover the losses of the Branch during that year.

It may be proper to explain more fully, some of the circumstances connected with the losses of 1835, otherwise an obvious discrepancy would appear between the report of this Committee, and that which reported on the condition of the parent Bank in 1837. In that report, the losses incurred in Columbia, are put down at \$45,488 62. This latter amount is probably the eventual and true amount of the losses there sustained, as the Committee were informed that many of the debtors of the Branch, at or after the time of their failure, made assignments of their effects to the parent Bank, under which assignments, it is supposed that the difference between the amounts above set forth, was realized by the parent Bank. No evidence, however, to that effect, is contained in the books of the Branch. The Committee have not exhibited the foregoing scale of annual profits made by the Branch, with a view of disparaging its administration during the last year. The present condition of every Bank in the State, will furnish a sufficient explanation and reason for the reduction of its profits; added to which, it is reasonable to suppose that the public debt of the State, to be redeemed by the Bank of the State in the first of next year, may have induced a considerable reduction in the discounts of the Bank, as well as its Branches.

### EXPENSE ACCOUNT.

In debiting the Branch with the amount of profits for the last year, all expenses incurred in its administration, were first deducted. These expenses for the last year amounted to \$10,277 56, distributed in items, as follows:

Salary of President.....	\$2,000
Salary of the Cashier.....	2,000
Salary of the Teller.....	1,500
Salary of the Discount Clerk and Notary..	1,300
Salary of Assistant and Collection Clerk..	1,300
Salary of four Solicitors.....	1,200
Incidental and Contingent Expenses,-----	277 56

\$10,277 56

The Committee examined particularly into the names of the drawers and endorsers of the bills and notes due to the branch, and so far as they were capable of judging, either from their personal knowledge, from reputation, or from information acquired from others, they are of opinion that the debts owing to the branch are well secured.



In the statement of the assets and liabilities, there is put down to the credit of the Branch, a suspense account of \$13,660 67. This amount appears to be composed of debts of long standing, and although the debtors, together with their endorsers, are, and have been for many years, notoriously insolvent, yet it appears the branch has no authority to strike them off as bad debts, until directed to do so by the parent Bank. The most recent account on the list forming what is called the suspense account, was taken up by the Committee and its existence traced back over ten years; how much longer it may have existed was not ascertained.

Another amount with which the Branch stands charged, although it forms no part of the suspense account, is a debt apparently due to the Treasury of the Upper Division, but one in fact for which credit should have long since been given. The facts in relation to this debt, so far as they could be ascertained, are as follow: In 1833 the Trustees of the Columbia Academy were indebted to the Branch by a note discounted, in the sum of \$2,100, exclusive of interest. The note was put under protest on the 10th of October, 1833, and shortly after, the Trustees petitioned the Legislature to release them from the debt and interest. The Legislature granted the prayer of the petitioners, but did not require the Treasurer to credit the Branch with the amount; the consequence was, that though the Bank was restrained from the collection of the debt, yet the amount of that debt still stands charged against it, until it be released by passing the amount to the credit of the Treasury.

Every facility was afforded by the officers of the branch to the committee during the progress of their examination; nevertheless, it was found difficult in some instances, to prosecute an enquiry to a satisfactory conclusion, on account of the occasional exercise of powers by the parent Bank, over the transactions of the branch. An instance will be given: In 1833, a note of \$6,000 was discounted in the branch Bank; the note was protested for non-payment on the 17th January, 1834, and was still unpaid at the time the branch sustained the losses of 1834 and 1835, before alluded to. (These losses, it should have been stated in the proper place, were principally sustained on drafts.) The drawer of this note subsequently became further indebted to the Bank, on account of drafts drawn by him to an additional amount, and being unable to make payment, made an assignment for the benefit of his creditors, the Bank amongst others. The arrangement made to settle and secure as far as possible, the debt of this individual on his drafts, was made by the parent Bank, and in doing so, it would seem that the amount due on his note was not taken into consideration, nor was any dividend received on it, yet he received, it is said, a release or receipt in full of all demands against him. It is also represented, that application has been since made to him for payment on the note, but he refuses payment, alleging the sufficiency of the release or receipt, and also, that the demand is barred by the Statute of Limitations. Such would seem to be the state of facts, from the books of the branch; but the accounts of the parent Bank would probably show that the whole transaction has been correctly adjusted, and that the amount due on this note has been settled, although orders to credit the drawer have not been given to the branch.

All of which is respectfully submitted.

L. BOOZER, *Chairman*  
*Committee of House of Representatives.*

(1839.)

BRANCH AT CAMDEN.

The Joint Committee appointed at the last session of the Legislature, and charged with the duty of examining into the affairs and condition of the branch of the Bank of the State of South Carolina, at Camden, beg leave to report,

That they have performed that duty according to their best means and ability. The committee, upon visiting the Bank, found the officers prompt in exposing their books for examination, and ready in communicating any information desired.

The committee looked to the line of discounts with two views: First, to ascertain whether there was satisfactory security for debts; and secondly, whether a distribution of the accommodations of the branch Bank had been made with a proper view to the interest of the community, and not too much absorbed by the directors or favorites. In neither of these particulars, were the committee able to discover any ground of suspicion or complaint.

The document herewith submitted and marked A, will exhibit such information in detail, as the committee obtained. It is a correct transcript from the books of the Bank.

From this it will be seen that the nett profits of this branch, its transactions for the fiscal year, ending on the 30th September, 1839, amount to the sum \$24,107 33 cents, which is somewhat less than 7 per cent. on the capital of the Bank; that the suspended debt account is about \$8,000, and demands in suit less than one thousand dollars.

If the profits of this branch have been less than are sometimes made by other institutions, the committee hope and believe that the fact may be an indication of that cautious prudence which is always commendable, and never more necessary than now and recently.

All of which is respectfully submitted.

L. J. PATTERSON.

A.

STATEMENT,

*Shewing the nett profits of the branch of the Bank of the State of South Carolina, at Camden, for the year ending the 30th September, 1839.*

By discount account.....	\$26,413 06
By drafts and exchange account.....	2,142 20
By interest account.....	1,523 14
To officers' salaries.....	\$5,599 92
To incidental expenses.....	371 15
To the Bank of the State of South Carolina, for nett profits this year.....	24,107 33

\$30,078 40 \$30,078 40

[Signed]

THO. SALMOND, President,  
D. L. DESAUSSEURE, Cashier.

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### STATEMENT,

*Of the branch of the Bank of the State of South Carolina, at Camden, on  
the 30th of September, 1839.*

Dr.

To Capital.....	\$480,000 00
Discount account.....	26,413 06
Interest do.....	2,142 20
Exchange do.....	1,523 14
Individual depositors.....	21,197 19
Amount due mother Bank.....	18,526 72

\$549,802 31

Cr.

By notes discounted.....	\$443,030 00
Notes protested.....	8,015 00
Notes in suit.....	930 00
Bonds.....	24,542 44
Drafts payable in Charleston.....	12,050 00
Judgments.....	32,307 00
Salaries paid.....	5,599 92
Incidental expenses.....	371 15
Cash on hand.....	22,956 80

\$549,802 31

[Signed]    THO. SALMOND, President,  
D. L. DESAUSSURE, Cashier.

(1841.)

### FROM THE COMMITTEE APPOINTED IN 1840.

*To the Honorable the Senate and House of Representatives,  
of the State of South Carolina :*

The Joint Committee of the two Houses, appointed at the last session to inspect and report upon the affairs of the Bank of the State of South Carolina, beg leave to report.

The Act of the Legislature of 1824, under which your committee was appointed, is as follows:

“There shall be appointed, at the first session of every Legislature, by a joint resolution of both branches of the Legislature, a committee of Inspection for the principal Bank of the State of South Carolina, in Charleston, and a committee for each of the branches of the said Bank, &c.

“That it shall be the duty of the several committees, with the Comptroller General, to examine minutely into the affairs and situation of the principal Bank and its branches, for which they are respectively appointed, and to report to the Legislature at their next session, the result thereof, and particularly all mismanagement in the affairs of the said Bank or its branches, if any such have occurred.

"That all clauses and parts of clauses of any Act of the General Assembly of this State, which may prohibit the said committee and the Comptroller General from investigating fully the *books, accounts and other documents* of the said Bank and its branches, be, and the same are hereby, repealed."

To facilitate the investigation, under these imperative and comprehensive instructions, the committee addressed the following letter to the President and Directors.

*To the President and Directors of the  
Bank of the State of South Carolina, Charleston :*

The committee appointed by the House of Representatives at its last session, to investigate the condition of the parent Bank of the State of South Carolina, herewith transmit to the President and Directors of the same, an outline of the objects to which they will direct their enquiries, in making the investigation required by their appointment. They beg leave to state to the Board, that they have fixed upon the early part of the month of June, as the period at which they shall engage in the duty devolved upon them by their constituents.

Charleston, 20th April, 1841.

(1.)

1st. What is the capital, whence derived, and at what dates ?

2d. What other funds are used by the Bank as capital, although not called capital in the Acts relative thereto ?

3d. What have been the issues of the Bank since its first establishment, year by year. What amount of those issues has been called in, and what is the present circulation ?

4th. What are the other debts of the corporation, and how have they accrued ?

5th. What is the monthly amount of deposits of public money, or money on deposit from State officers ?

What is the monthly amount of individual deposits ?

(2.)

*Assets.*

1st. What amount of Specie, what Bonds, Notes, Exchange, Stocks, or Bills of other Banks ?

2nd. As to Bonds, wanted, a list of Bonds originally given for money lent by the Bank, with a statement of the original and present amounts, the nature of the security, its sufficiency, and the supposed solvency of the parties.

3rd. A list of assigned Bonds, with a like statement of particulars.

4th. As to notes discounted, wanted, a schedule specifying what Notes now existing are renewals on notes of five years standing and upwards, the names on each note, and supposed solvency of the parties ; also, those notes which are of more than three years standing, and less than five, with like particulars.

## (3)

*Matters in which the Bank acts as agent for the State.*

## I.

1st. As to the Fire Loan, what amount of stock has been sold on this account? At what dates? What were the nett proceeds? And in what medium were they paid in Charleston?

2nd. Has any of the stock issued for this loan been hypothecated? And, if so, at what rate has it been redeemed? That is, what amount in Charleston was necessary to redeem the said stock? What expenses attended the negotiation, including commissions and compensation to agents? Who received said compensation?

3rd. A general Balance to shew the amount due by the State for this stock, and the ways and means, including bonds and all other availables to meet the debt, with their actual value.

4th. What amounts have been actually loaned to land owners? Carry out the statement to 1st July, with a supplement to 1st October, 1841.

## II.

As to the income of the State and expenditures through the Bank.

1st. A statement of the amounts realized for taxes, for the last five years; and the corresponding drafts on the Bank for payment of monies appropriated, and amount of undrawn appropriations.

2nd. An interest account between the State and the Bank, shewing the sums paid by the Bank for the State, and interest to the 1st October, 1841, as well as amounts received to that date, so as to exhibit the interest account.

3rd. A statement of the Sinking Fund, and the outstanding amounts for which it is pledged.

4th. Funds of the State of every kind; the annual interest in one column.

5th. Debts due by the State, and annual interest thereon included, so as to exhibit the point directly, whether the Sinking Fund can ever, and at what period it may, extinguish the debt.

*Miscellaneous Enquiries.*

1st. What amounts is the State liable for, as security for loans, &c.

2nd. What bad debts has the Bank made, since its first establishment, year by year? Who were principals, who were sureties?

3rd. What are the officers of the Bank, and what is the compensation of each?

The enquiries here made, were, on the investigation, subdivided into their elements, as will be seen in the subsequent statement.

The solvency of the Bank, and observance of the law of its charter, will be considered after a statement of its organization and capital.

The State subscribed all the capital, consisting of various stocks and debts due the State, all of which were, of course, to be reduced to money—as a Bank lends money, and thus converts its capital into the obligations of its customers.

These funds are, by law, "vested in the President and Directors." And the extraordinary security for the management of the Bank, is contained in these words: "The faith of the State is hereby pledged, for the support of the said Bank, and to supply any deficiency in the funds specially pledged, and to make good all losses arising from such deficiency." Thus, this institution has, in reality, the whole resources of the State, as its stay and support. It cannot fail, in any event, although the State may suffer. The 16th clause of the first section creates the *corporation*, so that all the capital is vested in a person known to the law, capable of suing and being sued, and the capital is thus put beyond the control of the State, as far as creditors are concerned; a fact worthy of being noted. The Act of 1813 directed all the monies to be received from the United States to be transferred on account of capital; and also, the balances in the Treasury.

In the course of the investigation, facts were brought to the view of the committee, which render it proper to bring directly before the Legislature some of those fundamental rules, the violation of which it becomes the especial duty of your committee to ascertain and report.

The authority of the President and Directors over the funds of the Bank, is thus expressed:—"They shall receive money on deposit, and pay away the same to order, free of expense; discount bills of exchange, *accepted and payable in the State of South Carolina*; and notes, with two or more good names thereon, or secured by a deposit of Bank or other public stock, at a rate of interest not exceeding one per cent. discount for sixty days." This relates to the ordinary business of a Bank, as an institution calculated to meet the wants of current mercantile business. But an authority is then conferred in these words—"and also, shall have power to make loans to *citizens of this State*, in the nature of *discount*, on real or personal property, secured by mortgage, and power of attorney to confess judgment on default of payment. *Provided*, that the sum so loaned shall never exceed the *one-third part* of the real unincumbered value of the property so mortgaged. And *provided further*, that the loan shall never be for a longer term than one year, nor draw a greater interest than at the rate of seven per cent. which shall always be paid in advance, and shall always be payable in the months of February and March, next succeeding such loan, unless an earlier day be fixed by the borrower. And *provided further*, that no individual be permitted to borrow, on his own account, on the security of real property, a greater sum than *two thousand dollars*."

5th Sec. "The directors for the time being shall call in one-tenth of each loan, in each year, and shall have it in their power to call in, in each year, one-fourth part of the loans made on real and personal security, giving a notice of not less than sixty days, in some of the gazettes of the State; and all persons who shall fail to make such payment, shall be deprived in future, of credit in said Bank, and *judgment* shall be immediately entered up, on the power of attorney, given as above required, and execution shall immediately be issued, in the name and on behalf of the Bank, against such person or persons, for the whole amount of the debt which may be due to the Bank."

It is also proper to bring to your view the following very general power: "They (the board) shall also be capable of exercising such other powers and authorities as may be necessary for the well-governing and ordering the affairs of the said corporation, and of promoting its interest and its credit; any law, usage, or custom to the contrary notwithstanding." Like all such general powers in similar instruments, however seemingly unlimited

the powers conferred, they are usually construed, rather to refer to incidental, than substantive authority, otherwise they supercede and render unnecessary, all the enumerated limitations and restrictions of the charter. An unlimited authority to do any thing, which the President and Directors may decide will promote "its interest and its credit," surrenders the Bank to their discretion, to do as they please, "any law, usage, or custom to the contrary notwithstanding." And all attempt at regulation is nugatory, and the only truly fundamental rule of action, is the unrestricted discretion of the Board of Directors. As such a construction would be altogether licentious, the committee presumed that that clause must be construed as subservient to the positive regulations of the charter, although it certainly is broad enough to cover or excuse any exercise of discretion.

The second article, or fundamental rule, in relation to loans on mortgage, requires that the "value of the property mortgaged under this Act, shall be ascertained to the satisfaction of the President and Directors, who shall be answerable to the State, in an action at law or a suit in equity, wherein the damages incurred by taking insufficient security shall be assessed by the jury, or by the decree of the court, unless the Judges of law or equity, as the case may be, shall be of opinion, and certify, that every necessary precaution was used and no manner of neglect on the part of the President and Directors: *Provided nevertheless*, That in order to secure the President and Directors more effectually from imposition, any person or persons who shall apply to them for monies on loan, shall produce a just and true account of the property proposed to be mortgaged, which said property shall be valued on oath, *by commissioners hereinafter to be appointed.*"

Borrowers are required to submit their titles to inspection, before obtaining a loan. The mortgage contained a clause by which the borrower stipulated to this effect: "I do agree that the same (the property mortgaged) may be exposed for sale, according to an Act, &c. if I do not repay the principal and interest at the several and respective times on which they shall be lawfully due and payable."

These mortgages were considered of record from their date, and took priority of mortgages not previously recorded in the proper offices.

The Act required that loans on mortgage should be apportioned among the several districts.

By the 10th Article, it is made, among other things, the duty of the Comptroller General, "faithfully to report all and every violation of the fundamental rules of this Corporation, to the Legislature." Five commissioners were to be appointed in each district, to value lands offered for mortgage, and the certificate of at least three was required.

Mortgaged property was authorized to be sold on the first Monday of March in every year, and the Board authorized to give titles.

Such were the fundamental rules, as prescribed by the Act of Incorporation. 8 vol. Stat. at Large, pp. 24 to 31.

The Act of 1813 provided for a committee of three members, under an injunction of secrecy, to aid the Comptroller in inspecting the accounts of the Bank, and also, directed loans on mortgage at Columbia, "under the same rules and restrictions" as in Charleston.

In 1831, the Bank was permitted to place a fund in New York, to "furnish merchants who deal with the Bank, drafts on that place;" or "if it should be thought more advisable or more safe, to open an account for that purpose, with any Bank or safe agent." This seems a curious way of

authorizing the Bank to deal in Exchanges on New York *alone*. If the Bank sell Exchange or Drafts, they must buy to place their funds there, unless they exported their specie, and yet the authority to deal in foreign Exchanges, is not in terms given.

In the charter, section 13, coupled with a power to sell their Bank shares, is one "to negotiate Foreign Bills of Exchange." This, taken in connection with a power to *discount* Bills of Exchange, accepted and payable in the State of South Carolina, is equivocal, as to its power to discount foreign Bills drawn here, and to be sent abroad, as a regular part of its business. A business which is of very questionable propriety in any Bank, as it, in effect, supplies the capital to buy our own produce, and subjects our Banking capital to the hazard of foreign acceptors, who, if the speculation is successful, will pay; if not, they will contrive to secure their home friends first. It interposes the *speculator* between the producer and consumer, and is the true source of that indirect trade which makes our State pay a heavy tribute to New York. If drafts against imports were sent forward to buy cotton, and accepted here, they could be discounted by our Banks, and come to maturity here, and we should have a direct trade. The desolating effects of the effort of the South and West to furnish foreign speculators funds to buy our produce, are witnessed in the broken Banks and deranged currency of a country to which no such evils are naturally incident. What would the Bank of England say to a Charleston merchant who should offer his draft on Charleston, to get discounted, to enable him to lay in a stock of British goods? He would be told, it is no part of a Bank to discount or purchase paper not running to maturity *at home*. It is the business of the merchant to buy and sell foreign exchange. Our staples are always worth here, to the foreign consumer, their value in the European market in specie, less the charges of transportation; and let our local currency be what it may, that price they will command. It is, besides, the natural course of trade. The foreign manufacturer sells on a credit, and his drafts, being accepted here and discounted by our local Banks, would furnish the legitimate fund for purchasing our staples, which are sold for cash. The utter ruin which has already followed the unnatural system of a staple country supplying bank capital to buy its own products, will lead to its abandonment, and the result must be, that some, if not all, our local Banks, must reduce their capital for want of safe employment. To permit their capitals to accumulate in England from Bills there matured, is to hazard the means of our stockholders, by exposing them to all the casualties of transatlantic revulsions. As things now stand, this dealing in foreign exchange is so much more lucrative than local discounts, that practically, all the advantages of our incorporated Banks are enjoyed by foreign speculators, who destroy our direct trade, and make a profit, which ultimately falls on the consumers of foreign imports, while every stranger, with a letter of credit from houses which prove their bottom by occasionally sinking into the quick-sands of speculation, can obtain money on his drafts, to an almost unlimited extent. Our whole community is loud in complaints that the Banks are of no use to them. The truth is, as long as the bubble lasts, the Banks *make more* by exchange than by discount, but when one or other of them receives the news that its funds in England, on which they calculated to value and reap all the profits of Sterling Exchange, have been swallowed up in some commercial convulsion, then the holders of their stock will join company with those of the United States Bank Stockholders, to look after their



means of daily bread; then the advantage of dealing *at home* will be appreciated. With staples which are equal to gold in foreign markets, we need never fear that customers ready to pay, will not come for them.

Except so far as is necessary to enable the Bank of the State to supply Exchange in place of Specie, and meet the interest on State stocks, dealing in foreign Exchange is not advisable, as it diverts the uses of the Bank from the planters, mechanics and merchants of our own State, and hazards it in the hands of foreigners, who are arrogant and bold to-day, and the next packet shows them in the Gazette with all their backers.

There is no plausible excuse for associations who deal in buying and selling foreign Exchange, to ask for a charter with banking privileges. They deal in merchandize—they encounter the hazards of trade, and reap an unlimited profit, and ought, like other mercantile copartnerships, to incur unlimited responsibility; and such institutions have no more right to the peculiar and somewhat sovereign right of issuing its bills as a circulating medium, than any other mercantile concern. Your Committee are aware that those who have profited by the speculations which have kept the prices of our staples in a state of feverish excitement, for the last ten years, will turn a deaf ear to these considerations. But the continued and reiterated failure of those who have speculated in cotton, and been enabled to do so by the *facilities* afforded by the American Banks; the operations directly of the United States Bank, bringing its enormous capital to interfere with and supercede the business of regular merchants, its cotton circulars, ending in disaster and ruin, afford fit examples of the unnatural effort to interfere with the regular operations of trade, and the application of mercantile capital and enterprise, in the ordinary way.

Your Committee have grouped together, in order to present at one view, the fundamental rules prescribed by the Legislature, for the government of the Bank, which may be summed up thus:

The Bank may discount notes with not less than two good names thereon. It may discount Bills of Exchange, accepted and coming to maturity in this State, and negotiate foreign Bills of Exchange. It may place a fund, or open an account, in New York, to afford drafts to its customers—seeming to imply, that this *account* may be kept up by buying Exchange payable in New York, to furnish a fund to draw on.

It may lend, to a limited extent, on bond and mortgage of real or personal estate; *Provided*, the property be first valued by Commissioners, on oath. The loan not to exceed the one-third part the clear value.

The title deeds to be delivered for inspection.

The mortgages to be accompanied by a Power of Attorney to confess judgment, which is to be forthwith used, in case of default.

These mortgages to be foreclosed, and the property sold by the Bank, who are authorized to give titles.

The mortgages to be as of record.

If the President and Directors have any further or other power to lend the capital stock, it has not been exhibited, nor is it to be found in any Act of the Legislature yet published, unless it is to be found in the general authority to do anything “necessary for the well-governing and ordering the affairs of the said Corporation, and of promoting its interest and its credit; *any law, usage, or custom* to the contrary notwithstanding.” Which, under a free interpretation, is itself an unlimited license to use the funds of the Bank at discretion.

We then examine the solvency of the Bank, and the conformity of its proceedings to the directions of the charter.

### THE SOLVENCY OF THE BANK. •

This depends upon the relation of its means to its liabilities. The latter are unquestionable, and must be discharged in the legal currency of the country. The former, with the exception of the coin in Bank, consists of debts due the Bank, secured by every variety of names, good and bad, and of its real estate and stocks. Some of the debts have the additional security of mortgages of real and personal estate. So that the Bank depends upon the solvency of its debtors, its specie and stocks, and the value of its mortgaged property, to pay its debts. If, after all losses are deducted, enough remains to pay its debts, it is solvent, as to creditors; and if, beside paying its debts, it has assets remaining, they are applicable to reimburse the capital advanced by the State, with interest. Anything beyond this, constitutes the clear profits of its operations.

The general statement of the Bank, exhibits on its debtor side, all its liabilities; on its credit side, all its assets. The statement, when verified, exhibits at a single view, the actual state of the institution. And to avoid multiplied publication: Exhibit A, in the Report of the President of the Bank, to 1st October, 1841, is referred to.

The Bank is debtor, for its capital, for its notes in circulation, and deposits; under one of which general heads, all its liabilities are, or may be, included. It is creditor: by its bills and notes discounted; its suspended debt; the bonds and other evidences of debt it holds; its specie; its circulation or notes on hand; real estate, and balances due from customers. The General Statement, Document A, printed in the President's Report, will present the state of the Bank on 1st October.

It is evident, that the means of the Bank are dependent upon the availability of its securities, chiefly; and so it is with all Banks. Their profits are derived from loaning money, which thus passes out of their custody.—Generally, its discounted paper, as long as it retains its Bank shape, is estimated as good, and in the usual course, it is paid up at short intervals, and re-loaned. Much, too, of the paper in suit, may be, ultimately, available; but it has ceased to be moveable, and is got in altogether by process. The paper in Bank shape, the specie and bills on hand, are the only sources to be relied upon, to meet its circulation. Bonds and judgments, although well secured, cannot be realized at will, or within a short and fixed period, and consequently cannot be relied upon to meet their own paper payable on demand.

The General Statement will show how large a portion of the assets of the Bank are in this position.

### PROFIT AND LOSS ACCOUNT.

Over and above the assets contained in the General Statement, the Bank owns a large amount, which has been carried to the account of Profit and Loss, and thus abstracted from the regular operations and calculations of the Bank. This amount is made up of bad debts, so estimated. They have been saved to its active capital, by contributions from the yearly profits from which they have been deducted, thereby diminishing the yearly income of the Bank. If this amount is never recovered, it will not affect

the General Statement, and should any portion of it be realized and paid in, it will swell the income for that year. Still the amount due on the Profit and Loss Account, is the property of the State, and its nominal amount is large. The total of this item, *exclusive* of bonds and notes in suit, which are included in the General Statement, is \$283,891 50, exclusive of interest, and consists of the money of the Bank received by its borrowers, who have omitted to pay it back, and whose debts, having been considered to be desperate, have been withdrawn from the list of assets of the Bank. An alphabetical list of all the debtors of the Bank, from its foundation, who have failed to pay, together with their securities, and the dates, were examined. It will be remarked, that however seemingly large, this aggregate is made of the bad debts incurred in a long series of years, since the foundation of the Bank. While this topic is under consideration, it is proper to say that no Suspense Account, separate from the Profit and Loss Account, has been kept; neither has this fund been under the *special* superintendence of any officer, all being engaged in the current business of the Bank, and these debts being withdrawn from it, have been comparatively the object of less attention. It is well known, that debts apparently hopeless, are sometimes realized by vigilance and activity. Men often become wealthy by contingencies, which render them unexpectedly able to pay their debts; and if every debt, the moment it goes out of Bank, and ceases to occupy its position as a current debt, were reduced to judgment, and this account placed under the special care of some one charged with it, large sums might be occasionally realized. Good or bad, this fund belongs to the State, or its Bank, and is now submitted to the consideration of the Legislature, as included in the subjects of the investigation of the Committee. Although they place no value upon it, in estimating the assets of the Bank, still it is a source from which large sums may be realized. These debts have been handed over from time to time, to the Attorney General or Solicitors, and nothing approaching a systematic and punctual return has been made, by which your Committee could ascertain whether due diligence had in all cases been used to render these demands secure or available. It is well worth the labor, to have all the evidences of these debts searched for, and full returns required of those to whom they were committed, and in case of default, to pursue the necessary steps against them, or their legal representatives, to indemnify the State for any loss it may have sustained by misconduct or culpable neglect. No original paper should be permitted to leave the vaults of the Bank, except when wanted as evidence, and then copies should be retained, and a receipt taken for the original, with an obligation to return it. In some cases this has been done—in very many, omitted. The present Cashier has been more cautious; but the conduct and supervision of dishonored debts may be regulated to great advantage. Your Committee were not able to vouch this document by inspection of the original vouchers, for the causes stated.

We now come to the items constituting the available means of the Bank to meet its liabilities. The account, on the day of examination, amounted to \$5,668,886 97.

## DISCOUNTS.

The Committee required the production of every note, took down the amount, and then compared the result with the Books of the Bank, and found them to correspond. Among so many notes, it could not be expected

that all were above suspicion. But as a discount list, your Committee, after all the scrutiny which their own knowledge of the parties, and such information as they could obtain from men engaged in the actual business of the community enabled them to bestow, they have come to the conclusion that the customers of the Bank generally, are men who deserve the credit they receive, and that their business renders them desirable customers; that the Directors have been judicious in their discounts, and the State has no cause of uneasiness on this head. That some exceptions exist is true, but not more than are incident to the dealings of all Banks of Discount. These debts are well distributed throughout the State. This list concludes a true and legitimate business of a Bank; its debts are running to maturity at short periods, and subject to be called in at the option of the Bank, at their expiration, all the parties to the paper retain their standing and credit. Although your Committee felt it a part of their duty to scrutinize this list, and form an estimate of the goodness of the debts it contained, they do not feel that any necessity exists for any further action of the Legislature, than to commit it to the intelligent and trust-worthy Directors to preserve and continue its soundness, and where necessary to apply such means as their judgment, acting upon the circumstances of each case, may dictate, to secure the doubtful, and enforce the collection of such as become impervious to influences of Bank credit, in the most prompt and efficient manner.

### DIRECTORS.

Among the borrowers on the discount list, are of course, the Directors of the Bank. Receiving no compensation, and by their situation, in a degree precluded from accommodations in other Banks, they necessarily give their custom to their own institution. Your Committee abstracted from the Discount Account the liabilities of the Directors, including the President of the Board, and on inspection, it exhibited the fact that generally their liabilities are in proportion to their business and credit. Other merchants deal with each of the Banks for part of their discounts: Directors must rely chiefly on their own. There is no reason to believe these debts are not generally well secured. It is important to the State to secure the services of men extensively engaged in business, to act as Directors, and to do so, they must be allowed to deal on terms at least as favorable as are offered to Directors in other Banks. In conclusion, the Committee found the line of discount exhibiting a healthy Bank business, and that the Directors were diligent and trust-worthy.

### BILLS AND NOTES IN SUIT.

This item of assets is distinct, and not included in the amount of debts carried to Profit and Loss. Although they have lost their Bank shape, they are not hopeless, but still looked upon as assets, although not immediately available. On inspection of the list, however, there is a large portion that seems destined to swell the debit side of the Profit and Loss Account, and in estimating the ways and means of the Bank, a very liberal deduction should be made from the sum total, in order to arrive at a reasonable approximation to the relative amount of the debts and assets of the Bank. The aggregate of this class of debts, at the time the investigation was made, was \$182,924 84.

## BONDS SECURED BY MORTGAGES.

This class of debts has been the subject of much animadversion, and received from your committee all the attention which the large amount at stake, and the anxiety of the Legislature, rendered indispensable.

The first object of enquiry necessarily was, under what authority so large a portion of the fixed capital of the Bank was loaned in a form not agreeable to the ordinary mode of effecting loans from banking institutions.

Your committee are by no means disposed to question the policy of investing in loans on bond, a portion of the capital of the Bank, to use the language of its incorporation, "for a longer period, and on security different from what had hitherto been required" by banking institutions. For although two good names may do very well for short loans and in ordinary cases, yet the constant practice of business men to indorse reciprocally for each other, leads often to the result, that the same misfortune or mismanagement which overwhelms one, carries the other along with him; and the history of the last few years, proves that names the most acceptable to the Bank Board, if the whole truth was known, are not deserving of any credit; and that when failures do occur, it becomes a common expression, "he was the last man any one expected would fail." Indeed, the overweening reliance placed on those who keep their credit good, substitutes *credit* for actual *capital*; and as a little ingenuity will enable a managing man to establish an unquestioned credit, who would find it difficult to accumulate, in the mean time, an actual capital, Banks come to place an unreserved reliance on two good names, the actual worthlessness of which is not discovered until both are exposed, and seldom has there been a wreck left to make a dividend. In fact, mercantile failures have generally taken place by the assortment; when it is discovered, that like card houses, they all rested upon one abutment, and when that gave way, they all fell together.

Experience has taught Banks to rely less upon mere names, and to look more inquisitively into the substantial property of its customers. Still, however, to preserve a sound Bank currency, and prevent suspicions, so much of their capital as, together with their specie, will enable Banks to meet the occasional pressures which occur, and redeem their circulation promptly, must be invested in short loans, and to men who feel the stringency of Bank credit, to compel an actual response to calls upon them, to repay their loans at the day. What portion that ought to be, can only wisely be decided by a Board of Directors engaged in business, watching its current, and warned by its indications, and under the solemn injunction to preserve the faith of the Bank unsullied, and its circulation promptly redeemable in money. The President and Directors of the Bank may be entrusted with a sound discretion on this head, subject to the supervision of the periodical committees appointed to review and examine their proceedings.

In examining the present bond debt, amounting at the date of the exhibit furnished by the Bank, to \$609,381 67, your committee discovered that there was a great variety in the mode and manner in which the bonds were secured. This led to enquiry, and in order to be able to give an authoritative account to your body, they called for every bond, and other voucher or document securing each debt, and minutely examined them. In some instances, the debt was secured by bonds given out of doors, and

assigned to the Bank ; in some, a bond and mortgage of real estate in the city was not fortified by an insurance on the buildings, and in case of fire the naked lot and personal responsibility of the borrower, would alone remain. In two instances, the bonds were fortified by personal security, and land in Alabama added as security ; in one, a simple bond without mortgage, but guaranteed by indorsement by the most ample names. Again, loans were made on real estate, to at least its outside value, and no authority to foreclose, without the delay of a suit ; and in one instance, the debtor made an assignment in favor of other creditors, who received the rents and profits during a foreclosure, while the Bank debt was increasing by accumulating interest. In fact, there is included in the bond debt, every variety which might be expected in the investments of private individuals, as appeared by the examination of an exact transcript of all the bonds held by the Bank—distinguishing those which have, in the course of business, been received in payment, or compromise and settlement of debts due the Bank, being the proceeds of sale of the estates of debtors, or substituted as better security for doubtful debts, from such as were given for original loans, showing the date, original amount, and the balance due, with such particulars as were necessary to illustrate the subject. In relation to those bonds which were taken to secure compromises, or to facilitate the settlement of precarious debts, they doubtless are sanctioned by the general authority of the President and Directors, to do all that may be necessary to secure the interests of the Bank. The money having gone out of the Bank in the mode pointed out by the charter, the Directors and President were right to get it back in any shape which would ultimately secure the debt ; and to such bonds and securities, your committee do not consider the directions of the charter to apply—they were obtained in a legitimate effort to secure the Bank. But there is a remaining class of bonds, which, in amount, and the mode in which they are secured, being for original loans, which your committee feel it incumbent upon them to submit to your especial consideration ; these bonds are of various amounts ; as an example, the first bond on the list is for \$7,000, dated 15th August, 1838, and payable by instalments. The whole principal and interest from date, is due and unpaid, and it becomes necessary now to go through the forms of a regular foreclosure, to enable the Bank to receive its debt, and your committee directed full insurance to be kept up, and the renewal of the policy to be indorsed upon it by the Insurance Company. The principal of this debt, will probably be paid, as the estate of the obligor is represented to be good, but whether all the interest and cost can be realized by a cash sale of the mortgaged premises alone, is at least questionable. Had this bond been taken under the charter, no loss could have been hazarded, and on the first default, the Bank could have foreclosed, and would long since have had its money to lend to other customers. In general, however, these debts are well secured by mortgages of lands and negroes, and personal security ; and have, no doubt, contributed very much to enable the borrowers to save their estates from sacrifice, and preserve to the State both its citizens and their fortunes, to add to its power and wealth.

There are, however, bonds secured by lands and negroes without the State, which ought to be realized, and we understand the negroes, in one case, are on their way back, for the purpose of being sold. There are some, too, secured by city property, which has depreciated in value. Some, where the debtor has no reasonable hope of better times. Without estab-

lishing any peremptory rule, general instructions to collect and better secure this debt, may be so executed as not to break up the permanent interests of the State, which should be dealt tenderly by, until economy and industry afford their certain means of deliverance. Any peremptory rule might embarrass the collection and hazard the debt.

Your committee have understood that the departure from the terms, amount, and securities of loans on mortgage, has repeatedly been reported to the Legislature, and been sanctioned by their silence. Such reports are not found in print. It is true, that in 1825, A. A. p. 114. a resolution was passed, extending loans on mortgage "to \$10,000, under the same conditions are now established by law;" but it is equally true, that the same paper contained a resolution directing the committee "to draft a bill to carry the foregoing resolutions into effect;" and no such bill is found on the statute book. On the large loans to corporations, which are but few, your committee had no means of estimating the value of the real security with accuracy, but the more extensive acquaintance of the members with the particular property, will enable them to do so. On the whole, they believe the bond debts will be realized, with few exceptions; and the undoubted relief loans have afforded to our own citizens, goes far to palliate any departure from the letter of the charter. While they have most implicit faith in the purity of the motives which governed the direction, the committee could not, without a flagrant dereliction of duty, omit to bring these matters distinctly before the Legislature, for its future action.

The whole number of bonds now on hand is ninety-five. The original amount of these bonds was \$909,473 33. The amount now due, is \$606,572 26. So that the Bank has received on this debt, \$302,901 07.

Since the foundation of the Bank, the amount loaned on bonds, is and the Bank has received the sum of                      in discharge.

Generally, there has been little lost by this debt, and the loans have been, in times of difficulty, a material relief to our citizens; and if the present list is judiciously and firmly managed, and future loans more cautiously made, the benefit to the permanent interests of the State will well warrant the devotion of a proper portion of the funds of the State to this end. Personal security, and a rigid valuation of the property, with a power to confess judgment and sell on default, will remedy most of the defects animadverted upon in relation to the present debt.

#### BONDS UNDER THE FIRE LOAN.

These bonds being all taken under the special directions of law, are generally secure, although from the high price of materials when the buildings were erected, and the subsequent fall in real estate, severe loss must accrue; still, as the city of Charleston is guarantee of all these bonds, they may be considered wholly secure.

#### CASH.

Your committee counted the bank notes and specie minutely, on the 10th October, 1841, and found it correct. The Bank account being made up to 1st October, occasions the only discrepancy between their count and the return of the Bank.

## BRANCHES.

The amount of the agencies only appeared by the entries; and how much of these sums the Hamburg and Georgetown agencies will realize, your committee had no means of estimating, and cannot, therefore, say that these amounts will be positively available to meet the liabilities of the Bank.

## STOCKS.

The certificates of the stock held by the Bank as part of its assets were produced and inspected. These are credited at cost. The Bank stock is liable to fluctuations, and that of the United States Bank is all but worthless. The Rail Road stock, also, must abide the success of the enterprise before it can be realized. The obligations, as distinguished from the stock, may be held as available means.

## BANK ESTATE.

The exhibit herewith filed, will show the actual cost of the two banking houses in Charleston, one of which is rented out, and also those in Columbia and Camden. The other real estate was bought in by the Bank for bad debts, as per schedule, and will be sold when practicable.

## JUDGMENTS.

These are two in number. The precise object in buying up these judgments, and retaining them in that shape, did not fully appear; but it seems the Bank had demands against the debtors, and to facilitate and give the command of their estates, it advanced the amount, and took an assignment of these judgments. The retaining them as debts in this form, is out of the ordinary course, as there is no day for payment, and no proportion fixed to be called in. The charter forbids a standing debt; but in all cases where the permanent property of the State is implicated, a paternal tenderness should be exercised, and an enlightened direction will devise the best means of gradually extinguishing such debts. They may be relied on as means ultimately available, as they bind real and personal estate. The balances due abroad, appear by the accounts, and are no doubt good as specie, as they form the basis of exchange.

*The interest and expenses* on State loans, are charged, as the entire sum is credited. On a review of all the liabilities and assets of the Bank, your committee have come to the conclusion, that the Bank will be able to continue its business with unquestioned credit, and meet all its liabilities in actual money, and restore its whole capital to the State unimpaired.

## THE PUBLIC DEBT.

The Bank is intimately and inseparably connected with the Public Debt and Sinking Fund.

In 1820, the State borrowed \$800,000, to pay the cost of Internal Improvements, and in December, 1821, established a Sinking Fund, composed of the profits of the Bank, to meet the interest and final redemption of the then existing six per cent. stock. By the books of the Comptroller Gene-



ral's Office, it appears that at the date of this Act, the amount of the six per cent. stock was \$800,000, which was fully redeemed in 1840, from the Sinking Fund. The exhibit shows the entire amount of the Funded Debt of the State. The total is \$3,560,000, including \$2,000,000 of what is called the fire loan. Of this sum, \$1,040,569 00, is due by those citizens of Charleston, who have borrowed under the Fire Loan, and being secured by the guarantee of the city, may be deducted, leaving the sum of \$2,519,431, to be redeemed by the State, independent of its guarantee to the Rail Road Company's debt, which being provided for as will be seen by reference to that head, the funded debt to be paid by the State is thus ascertained. The ways and means to meet the interest on this sum, and finally to redeem the principal, which becomes due in instalments from 1842 to 1870, consists of the dividends or profits of the Bank, and its capital stock; and these will prove, under ordinary circumstances, amply sufficient, as will appear by the calculation hereto annexed. But it is well, in order that the Legislature may be guarded against resorting to the Bank, its profits, or capital, for the ordinary expenses of the State, to point out the fact, that these funds are solemnly mortgaged and pledged to the holders of the State Stocks, without whose assent no diversion of these funds can be made, or their security impaired. The State is but a trustee; until its debt is paid, it holds only the equity of redemption, in the Bank. The Sinking Fund was solely applicable to the 6 per cent. stock. But in 1822, the Legislature—(See Vol. 6, State Laws, 196, 1819,) after this Preamble:—"Whereas, the fund created by the act to raise supplies for the year 1820, for the payment of the interest on, and final extinguishment of the Stock thereby authorized to be issued, is more than sufficient to answer that purpose"—proceeded to create a five per cent. stock of \$200,000, the second item in the Exhibit, and added "The faith of the State, the Capital of the Bank of the State of South Carolina, and the annual dividends of the said Bank, are hereby solemnly pledged for the payment of the interest, and the final redemption of said debts."

The next issue of stock was in 1824, and is a mere continuation of the issue of five per cents. and the act concludes in the same words as that of 1822, pledging the faith of the State, "the capital and dividends of the Bank of the State, for the payment of interest and final redemption" of this stock.

The next issue was in 1826, of \$300,000, but no special fund was set apart for the payment of the interest or redemption of the principal, although the faith of the State generally, is of course plighted; still, if by any contingency there should be any deficiency to meet the interest of the prior stock, its holders might claim the exclusive application of the Bank funds. But at all events, some Legislative authority ought to be given to pay the interest, and redeem the principal, out of the Bank funds, to justify its officers in doing so. It is eminently bad policy to permit subordinate agents to supply the omissions of the Legislature. The precedent is of evil tendency.

The next item of the Funded Debt, was created in 1826; no particular fund is appropriated for this interest or redemption of this stock, which was issued to Mrs. Randolph, the daughter of Thos. Jefferson, "for her sole and separate use and benefit, and to be subject to her disposition, by any writing under her hand." This was a free gift, worthy of the liberality of the State. It is a small item, and it would be well to authorize the Bank to buy it, and substitute any of its stocks in its place.

No further stocks were issued until 1838: '39. At this time the only funded debt of the State was \$1,560,000, of which the Sinking Fund redeemed in 1840, \$800,000, which would have left but \$760,000, which the Sinking Fund would easily have extinguished, and left the State unembarrassed, with a large Bank Capital, and an income that would have enabled it to diminish its taxes to a very inconsiderable amount. Indeed, but for the sums expended on Internal Improvements, so much of which proved abortive, the predictions of the sanguine and enlightened parent of the Bank, would have been fully realized. Now, the only funded debt for which the State has no equivalent, is the residue of the Internal Improvement Debt, \$760,000, the 3 per cent. and Randolph Stock. Since this period, all the debt incurred, has been under the promise of an equivalent, and forms two distinct classes of debts. First, the purchase or subscription to stock in the L. C. and C. R. R. Company and Bank, and its advances for the same. And secondly, the Fire Loan of Charleston. The first item embraces \$200,000, 5 per cents. of 1838, and \$600,000, 6 per cents. of 1839. The second, \$2,000,000, 6 per cents. besides its guarantee of \$2,000,000 more to the Rail Road. As these debts also affect the Bank, a full exposition of them is indispensable to a thorough knowledge of all its concerns. The following additional pledges or mortgages exist. The \$200,000, created in 1838—no pledge. The \$600,000, in the same year, is secured thus: "That the interest on the said stock shall be paid from the Sinking Fund, and that the faith of the State, the capital and dividends of the Bank of the State, and the balance of the Surplus Revenue which may remain on deposits in the Bank of the State, beyond the sums required to meet the four instalments not now advanced by this act, on the subscription of this State, to the Louisville, Cincinnati, and Charleston Rail Road Company, are hereby solemnly pledged for the payment of the interest, and the final redemption of said debt."

The 2,000,000, Fire Loan, is also secured thus: "When the profits of the said Bank of the State of South Carolina shall have paid the interest on certain stocks, and *redeemed* said stocks, for which they have heretofore been pledged and set apart, the said profits shall also be considered solemnly pledged and set apart for the payment of the interest on the said Loan, and the final redemption thereof." Thus a specific pledge is made as to \$450,000 to pay the proper debt of the State, of 1822 and 1824; for the Rail Road debt of \$600,000; and lastly, the Fire Loan of 2,000,000; while no special provision is made for \$310,000 of the proper debt of the State.

### SURPLUS REVENUE.

The amount received on deposit from the U. States was \$1,051,422 09, and has been disposed of thus:

Carried to the Sinking Fund.....	\$651,422 09
Paid to the Rail Road, as subscription.....	200,000
In Bank, and used as Capital,.....	200,000

\$1,051,422 09

It will be perceived that the Sinking Fund, by this accumulation, has, notwithstanding the payment of the \$800,000 of stock due in 1840, still left the sum of \$743,628 31, on the 1st October, 1840.

## SALARIES OF OFFICERS.

Under the injunction to report on this subject, your Committee have collected, and present in a statement, Exhibit 8, the salaries of the officers and a comparative view of those of other institutions, which leaves no room for animadversion; on the contrary, as the extraordinary duties arising from the management of the Public Debt, devolve upon the officers of this Bank, their compensation is moderate.

## PRIVATE DEPOSITS.

The Exhibit shows the monthly amount of Individual Deposits, for twenty-one months prior to our investigation, and is sufficient to put the Legislature in possession of all the required information on that head.

## CAPITAL, AND FUNDS USED AS CAPITAL.

The Exhibits will give all the information requisite on that head, by which it will be perceived, that the Capital proper of the Bank, is derived from the State, and amounts to.....\$1,156,318 48  
Used as Capital.....1,903,059 31

Total,.....\$3,059,377 79

## REAL ESTATE.

The Exhibit B. is a statement of the Real Estate of the Bank, its original cost and expense of improvements.

## FIRE LOAN.

The particulars of the negotiation of so much of this Loan as has been taken by the citizens of Charleston, having been heretofore so reported, it is sufficient to state, that there is invested in bonds and mortgages, secured by guarantee of the City Council.....\$1,045,438 70  
Six per cent. Stock sold and retained by the Bank,.....964,444 45

2,009,883 15

Deduct this amount, which was carried to the account of Interest on the State Loan.....9,883 15

\$2,000,000 00

The Exhibits will explain all the particulars.

## GENERAL STATEMENT.

The Exhibit 1, of the President of the Bank, in his Report, is referred to, as containing a correct statement of Debits and Credits of the Bank.

## RAIL ROAD AND RAIL ROAD BANK.

The connection of the State with these institutions, involving a large indebtedness, and still larger security, for which its Bank funds are implicated, requires to be fully stated.

The State subscribed to the Rail Road Stock, ten thousand shares, equal

to a million. By the reduction directed by the last Act, the same will be reduced to \$800,000.

It is also in connection a stockholder in the Bank of that Company.

It has paid in advance on its Stock, to the Company, \$600,000 in 6 per cent. Stocks, for which the State is liable, and it receives interest on so much of this Stock as exceeds the proportion paid in by the other Stockholders, and their interest goes to pay up the instalments, in part, as they fall due. But the interest on the \$600,000 of stock is a charge upon the State, and it receives in return, interest only on the excess of its advance above the portions paid in by the private Stockholders. This Stock the State is bound to redeem in 1848, 1850, and 1852, in equal instalments.— If by that time the Rail Road begins to pay dividends, the State will have an equivalent for this sum; if not, it will lose the difference between that amount and the actual value of its Stock.

The State also subscribed to the Bank, and Stock to the amount of \$200,000, payable in 1858, was authorized to be issued, and together with \$50,000 bonus on the Charter of the Bank of Charleston, was paid to the Bank. Of this sum, the Comptroller has received back \$58,307 50, leaving due of the Stock, the sum of \$141,662 50. The Bank pays a dividend, and this stock and bonus thus has an equivalent.

Besides this, the State has given its guarantee to the extent of \$2,000,000, on bonds used by the Rail Road. And it holds a mortgage of the Rail Road from Charleston to Augusta, and the Columbia branch, as a security.

If this enterprise proves successful, the State will be indemnified. And now that the scheme is cut down to the practical purposes of a Rail Road to Augusta, and branch to Columbia, there is good reason to hope that a project, originating in an ardent desire to meet the spirit of enterprise which characterizes the age, and bring Carolina into the current of enterprise and commercial activity, will at last result in a permanent improvement in our means of internal communication, without overwhelming the patriotic and public spirited individuals who originated it, or the State itself, in any serious losses.

Your Committee have thus performed their laborious and delicate task, with at least fidelity and industry. They have endeavored to change suspicion into knowledge, by a full development of the true state of our Bank, and the finances of the State, as connected with it, and beg leave to condense in a brief analysis, the result of the enquiries. For some years, there has existed in this State a suspicion that our finances were inextricably involved, and that the funds of the Bank had been improvidently loaned out on imperfect security, and suffered to remain as a permanent debt, to favored individuals; and that ere long, the Bank would explode, and involve the State in embarrassment and bankruptcy. This suspicion has depreciated the value of our State Stocks, and lessened confidence in the ability of the State to extricate itself from the difficulties which of late years have overwhelmed our citizens, in common with our whole country.— Our citizens have been in the habit of investing their surplus capital in institutions managed abroad, and the late disastrous breaking up of the United States Bank, has swallowed up a large amount of capital, and reduced many of them to comparative indigence.

The knowledge of our own finances must quiet the alarm of the over-cautious, and point out to our citizens who have surplus capital to dispose of, a secure investment.

The general result is, that the Bank of the State is in a safe and flourishing condition, and capable of continuing its business on a safe and permanent basis, and preserving a sound and healthy circulation: That its debts, under an efficient and able direction, will be realized with as little loss as is incident to transactions so extensive and various:

That the Bank has sustained the best interest of the State in her loans; and in every stage of its existence, its officers have exhibited the most unblemished integrity, and have committed as few errors, as from the difficulties and uncertainties of business, could have been expected. That its creditors are secured beyond the most distant doubt, and its ability to redeem its circulation in specie certain. That the capital is also secured, and its future action promises a punctual discharge of all the debts of the State, principal and interest, at the day.

In relation to the Public Debt of the State, the Exhibit will show the action of the Sinking Fund, from which will be seen that the Public Debt will be redeemed, and its interest provided, from funds wholly distinct from the ordinary income of the State; so that no additional taxation is necessary, provided the appropriations do not exceed the usual amount realized from taxation. In fact, after paying the following debts:

Stock due, 1842.....	\$200,000
Do. 1845.....	250,000
Do. 1846.....	300,000
Do. 1850.....	10,000
	<hr/>
	\$760,000

an amount not exceeding the Sinking Fund, the State will owe nothing for which it is not in possession of an equivalent.

The items are, due in 1858 \$141,662 50, for which the State holds Shares in the Rail Road Bank, the dividends on which will equal the interest of five per cent. and may probably even exceed it, and thus constitute a Sinking Fund to redeem the Stock, and leave the State still its shares.—The next item is \$600,000, payable in 1848, 1850, and 1852. This sum was subscribed in advance, to the Rail Road, and of course the State has an equivalent in that Stock, and the mortgage of its property.

The \$2,000,000 Fire Loan is no charge upon the State, as its payment is secured in part by the City, and in part by the Bank, where it is deposited, and the dividends are carried to the Sinking Fund, which will in time extinguish it. The policy of increasing Banking Capital by Stock itself bearing interest, is questionable; but if the Sinking Fund finally extinguishes it, it will amount to the same thing as carrying the Sinking Fund to Capital. The \$2,000,000 guaranteed for the Rail Road, is provided for by the application of the income of the Road to pay the interest, and its ample property stands security for the principal. Thus there is nothing in the situation of our finances to create uneasiness, but everything to confirm our confidence in the unquestioned ability of the State to maintain her faith untarnished. All the public debt will be paid, leaving the State its Bank Capital entire, and the Surplus Revenue ready to be restored to the nation, to which it belongs, whenever the wants of the General Government may require it. While we thus congratulate the State on its financial prosperity, let it be no inducement to further indebtedness. But for expenditures upon projects of improvement, in advance of the settlement and wants of the State, the taxes might have been reduced one-half. Instead

of further indebtedness, let us rejoice that we have stopped short of disgraceful insolvency ; and unless to complete what has been well begun, and then with great caution, no further engagements should be made, until what is now due is paid off. For what stock we now have out, whenever its holders are dissatisfied, they can find a ready sale for permanent investment among our own citizens, and the Bank cannot do a better business, when its funds can be spared, than to buy it up, as they can readily turn it into money when required. It is now difficult to find investment for the estates of minors and others ; and when foreigners are disposed to send home our stock, it will meet with a welcome at full prices.

Your Committee, in conclusion, would remark on the sound policy which has led the State periodically to re-elect the presiding officer of the Bank, when found faithful and capable. It gives stability to the institution, and, with the strict and searching scrutiny of your investigations, ensures system and fidelity. It is due to the present incumbent to say, that he has devoted himself to the interests of the Bank with untiring zeal, and being in the meridian of his life, will every year add to the stock of his experience, and consequent usefulness. Most of the officers of the Bank have been of long standing, and their integrity is beyond suspicion. All afforded your Committee a ready and willing obedience to their calls for information ; manifesting a proper sense of their duty to the State, to give the most ample account of their stewardship.

All which is respectfully submitted.

F. D. QUASH, *Chairman of the  
Committee on the part of the Senate.*

B. F. HUNT, *Chairman of the  
Committee on the part of the House.*

[ No. 1. ]

*Statement of the Bank of the State of South Carolina, Charleston, June, 1841.*

To Capital		By Bills and Notes discounted,			
Bank Notes issued	\$745,220	Do. do. in suit	\$1,020,638 71		
Do. do. in change	84,060	Bonds secured by Mortgage	184,484 62	\$1,205,123 33	
Do. do. in Columbia	30,200	Do. do. under Act re-building City,	609,380 67		
Discount Account	24,072 53	Specie: Cashier	1,028,396 50	1,637,768 17	
Interest do. Notes	24,275 77	Bank Notes, do.	117,057 13		
Do. do. Bonds	18,441 60	Do. and Specie, Teller	212,490		
Do. do. on Fire Loan	33,896 26	Columbia Branch Bank	27,123 08	406,670 21	
State Treasury	130,300 32	Camden do. do.	822,850 92	1,996,310	
Do. for Sinking Fund	761,968 23	Hamburg Agency	473,459 08		
Do. Surplus Revenue	200,000	Georgetown do.	6,062 87		
Do. Loan rebuilding City	2,000,000	Bank of Charleston Stock	7,511 20	19,574 07	
Profit and Loss		State 3 per cent. do.	147,600		
Individual Deposits		Do. 5 do. do.	30,490 98		
		Do. 6 do. do.	92,397 60		
		Commercial Bank do.	386,135 14		
		Bank United States do.	486 25		
		So. W. R. R. Bank do.	9,184		
		L. C. & Ch. R. R. do.	11,623 26		
		Do. do. do. Bonds	28,893 58		
		So. W. R. R. Bank 6 per cents	27,444 44		
		Bank Estate	2,500 08	736,555 25	
		Real Estate	64,108 08		
		Judgments	5,472 33		
		Merchants' Bank, New York,		69,580 41	
		Int. and Exp. State Loan		20,826 10	
		Int. 6 per cent. Fire Loan		62,235 49	
		Baring, Brothers & Co.,		79,434 72	
		Premium Account,		20,653 34	
		Contingent Expense Account		65,013 52	
				2,554 82	
				18,467 47	
				\$5,634,776 90	

[No. 2.]

*The Bank of the State of South Carolina, in account with the State, on account of Capital.*

1818 and 1819	To Cash.....	\$255,900 17	1819	By 6 per cents. redeemed and paid into the State Treasury.....	\$142,470 59
1814	State Treasury draft.....	11,341 83		By deferred 6 per cts. redeemed and paid into the State Treasury.....	33,559 36
1815	Do on old duty bonds.....	1,462 50			
	Do for 6 per cents.....	36,628 65			
	Do do.....	17,597 72	1828	By 3 per cents. (\$65,562 58) redeemed and paid into the State Treasury.....	36,621 02
	Do do sundries.....	15,876 30			
	Cash.....	5,920 20		By 6 per cents. redeemed and paid into State Treasury.....	3,281 15
1816	State Treasury drafts.....	13,030 65		By Balance.....	1,156,318 48
	Do do.....	102,926 82			
	Cash for sales of stock.....	5,445			
1817	State Treasury Drafts.....	111,474 90			
	Cash for sales of stock.....	40,370 00			
	1,166 shares in State Bank stock.....	116,600			
1818	Cash for profit on sale of stock.....	4,996 80			
	State Treasury drafts.....	68,630 54			
	Balance in Treasury, 1st April.....	258,385 30			
	Treasury draft for capital from United States.....	15,604 29			
1819	State Treasury drafts.....	129,999 04			
	Do payment from the United States.....	8,039 85			
	New 6 per cents. by Comptroller General.....	147,871 40			
	Medium loan, and United States.....	4,098 64			
		\$1,372,250 60			\$1,372,250 60



[No. 3.]

*22104*  
FUNDS PAID BY THE BANK AS CAPITAL.

Surplus Revenue of the United States deposited with this State: Balance-----	\$200,000
Sinking Fund, composed of the Surplus Revenue of the United States and of the Surplus Profits of the Bank-----	743,628 31
Balance of the amount raised by Loan, under Act for rebuilding the City of Charleston, after deducting the amount loaned upon property-----	959,431
	<hr/> \$1,903,059 31

[No. 4.]

*Amount of Profits made by the Bank.*

The Profits of the Bank to the 1st of October, 1841, have } amounted to.....	\$3,234,889 84
Int. on the Capital of the Bank to the same time amounts to }	2,047,008 90
	\$1,187,880 94
If a charge be made for interest on the funds received } from the United States, as Surplus Revenue, and on the Fire Loan Fund in possession of the Bank,..... }	509,471 96
	\$678,408 98
And if we debit ourselves with interest on our own Sur- } plus Profits carried to the Sinking Fund..... }	485,524 41
Still would leave as profit.....	\$192,884 57
This matter is perhaps better illustrated thus:	
The interest on the Capital of the Bank.....	\$2,047,008 90
Interest on Surplus Revenue, received from United States	328,221 10
Interest on Fire Loan Fund.....	181,250 86
Full amount for which the Bank is chargeable as inter- } est on funds..... }	\$2,556,480 86
The Bank has paid into the Treasury up to 1841.....	\$592,001 29
Interest to holders of State Stocks.....	1,493,941 76
Interest paid to holders of Fire Loan Bonds.....	150,740 57
6 per cents. of 1820, redeemed.....	800,000
	*\$3,036,683 62
From this sum, deduct the amount of interest for which } the Bank is chargeable, as stated above..... }	2,556,480 86
Leaves as nett profits of the Bank.....	†\$480,202 76
To this may be added the arrears and accruing interst on } funds of the Bank, (Fire Loan, and other Bonds, &c.,) } say..... }	70,000
Loss of Bills, say.....	130,000
*Also the Balance of the Profits of the Bank, still remain- } ing on hand as part of the Sinking Fund..... }	*198,206 22
(Which three items should have been added to the sum of } \$3,036,683 62.)..... }	\$868,408 98

\*\$3,036,683 62

\*198,206 22

\$3,234,889 84

2,556,480 86

†\$678,408 98

31

[No. 5.]

## BANK ESTATE.

1818	May 14	For banking House on south side of Broad Street.....	\$18,000
	July 20	For banking house for branch Bank, Georgetown.....	3,273 47
	Aug. 12	For banking house for branch Bank, Camden.....	7,000
			<hr/> \$28,273 47

C. M. FURMAN, Cashier.

*Bank estate of the Bank of the State of South Carolina.*

			DR.	CR.
1831	October,	To balance.....	\$28,273 47	
1832	June,	To cash paid for banking house in Columbia.....	4,000	
1838	June,	To cash for banking house in Charleston.....	45,000	
		To cash for building vault, portico, desks, and sundry alterations to do.....	17,378 42	
		To cash for new granite front, and other improvements, to old banking house.....	5,826 64	
			<hr/> \$100,478 53	
1838	May,	By cash from Bank of Georgetown, for house and lot in Georgetown.....		\$2,500
		By contingent account for profit on Bank of Charleston stock, reserved for the purpose....		32,415 45
		By rent of old banking house placed to this account.....		1,455
		Balance.....		64,108 08
				<hr/> 100,478 53
1841	October,	To balance.....	\$64,108 08	

*Real estate owned by the Bank, and received for bad debts, &c.*

Tract of land, purchased at sale of Markley's property.....	\$
Lot in Hamburg.....	
Shares in Fire Proof Office, Augusta.....	2,000
Belvedere Mill.....	2,800
Land in St. Andrew's parish, received from Pinckney for his debt.....	800
Land sold E. Cole, for which we have a security by mortgages of the land and negroes.....	600

No 6.

*Debts due by the State of South Carolina.*

Three per cent stock	-----	\$193,530 35	\$5,805 91
Five do do do 1822	-----	200,000 00	10,000 00
do do do do 1824	-----	250,000 00	12,500 00
do do do do 1826	-----	300,000 00	15,000 00
Six do do do (Mrs. Randolph)	-----	10,000 00	600 00
Five do do do (Rail Road Bank)	-----	200,000 00	10,000 00
Six do do do (L. C. & C. R. R.)	-----	600,000 00	36,000 00
Five do do (Sterling bonds, £333,000,)	-----	1,035,555 55	57,525 11
Six do do stock	-----	964,444 45	57,866 66

*Funds of the State and annual Interest.*

Capital of the Bank	-----	\$1,156,318 48	69,379
Surplus revenue, United States	-----	200,000 00	12,000
Sinking Fund	-----	743,000 00	44,580
Bond of Rail Road company	-----	100,000 00	5,000
8,000 shares in the Lo. C. & Ch. R. R. company	-----	800,000 00	
8,000 shares in the South Western R. R. Bank	-----	200,000 00	12,000
Proceeds from loan for rebl. the city of Charleston,	-----	2,000,000 00	120,000

[No. 7.]

INDIVIDUAL DEPOSITS.

*Bank of the State of South Carolina.*

1839	October	-----	354,880 64
	November	-----	332,906 52
	December	-----	329,081 79
1840	January	-----	329,393 51
	February	-----	375,129 03
	March	-----	311,776 40
	April	-----	303,978 08
	May	-----	385,944 34
	June	-----	337,960 71
	July	-----	371,970 22
	August	-----	327,069 22
	September	-----	283,792 70
	October	-----	267,787 91
	November	-----	264,729 52
	December	-----	263,549 13
1841	January	-----	275,080 32
	February	-----	330,638 81
	March	-----	329,352 22
	April	-----	502,158 27
	May	-----	440,797 64
	June	-----	440,026 68

[No 8.]

*Statement of the Salaries of Officers of the Banks in Charleston.*

BANKS.	President.	Cashier.	Tellers.	Book- Keeper.	Dis- count Clerk.	Assis- tant Clerk.	Collec- tion Clerk.	Trans- fer Clerk.	Out door Clerk or Porter.	Total of sal- aries.	Solicitor.	Capital.
Bank of the State of South Carolina.....	\$3,000	\$2,500	1,800	1,800	\$1,800	1,200			1,000	16,500	600	\$4,100,000
Bank of Charleston.....	4,000	3,000	1,800	1,600	1,800	1,200	1,400					
Planters' and Mechanics Bank.....	3,500	3,000	1,800	1,600	1,900	Four.	1,250	1,050	\$1,000	24,800	Not stated	3,000,000
Bank of South Carolina.....	3,000	3,000	1,600	1,650	1,500	1,000			\$1,500	19,550	Not stated	1,000,000
State Bank .....	2,500	2,500	1,650	\$1,600	1,500	1,000				15,700	500	1,000,000
Union Bank .....	2,500	2,500	1,800	1,900	1,800	1,400			1,220	13,620	600	1,000,000
South Western Rail Road Bank.....	3,500	3,000	\$1,500	1,500	\$1,400	1,000	1,000			13,100	Not stated	1,000,000
			1,200	1,600	\$2,000	1,000	1,600	1,900	\$1,900	18,800	Not stated	\$1,100,000
			\$2,500									

\*The officers marked thus, occupy premises belonging to the Bank.

†This officer is also Collection Clerk.

‡This officer keeps the general ledger.

§This officer is also Notary, and the notarial fees are received by the Bank.

||This the aggregate of all sums used as capital. If the amounts allowed to the branches for capital, be deducted, there would remain about \$2,800,000.

¶This includes the capital, and the six per cent. deposits (for reduced stock.)

[No. 9.]

*CONTINGENT EXPENSE ACCOUNT.*

EXPENSES ON SPECIE :	
Freight.....	\$30 00
Do. ....	62 50
Do. ....	62 50
Do. ....	62 50
Do. ....	62 50
Do. ....	62 60
Do. ....	50 00
Do. ....	62 50
Do. ....	5 27
Insurance and Commission,.....	135 90
Do. do. ....	158 60
Do. do. ....	78 25
Do. do. ....	96 10
Do. do. ....	158 60
Do. do. ....	158 60
Do. do. ....	158 60
Do. do. ....	79 23
POSTAGE :	
\$26 39 ; \$60 84 ; \$77 89 ; \$64 92.....	230 84
NEWSPAPERS AND ADVERTISING :	
Patriot, \$20 70 ; \$20 16. Courier, \$23 85 ; \$16 70. Mercury, } \$23 20 ; \$17 73. Herald, \$6 25.....	128 59
BOOKS AND STATIONERY :	
Hoff & Tucker, \$90 82 ; Burgess & Walker, \$26 75 ; Rosen- } burg, \$5 50 ; Head, \$5 ; duties on books imported, \$3 50 ; } Hoff & Tucker, \$153 60.....	284 17
BANK BILLS :	
Underwood, Bald & Spencer.....	212 50
PRINTING :	
A. E. Miller, \$60 ; \$137 ; \$92 50.....	289 50
EXPENSES ON SPECIE :	
Insurance, \$151 45 ; premium, \$14 65.....	166 10
INSURANCE ON BANK PROPERTY :	
\$68 75 ; \$187 50.....	256 25
OFFICERS' FEES AND COSTS :	
Register of Mesne Con. \$18 75 ; \$18 75 ; \$18 75 ; \$18 75 ; \$4 25. Secretary of State, \$18 25 ; \$15 25 ; \$6 50. Clerk Com. Pleas, \$18 75. Moise, attorney, costs, \$24 36. Phillips, do. \$54.— Sheriff, costs, \$67 25. Notary, \$66.....	349 61
REPAIRS, OFFICE FURNITURE, &c.	
Werner, \$38 12 ; Potter & Kelsey, \$100 80 ; Enston, \$14 50 ; May, \$21 ; Downie, \$8 50 ; Coyle, \$42 82 ; Martin & Waller, \$10 25 ; Poncignon, \$5 75 ; \$1 75 ; Lambert & Brs. \$122 86 ; Adger, \$4 25 ; Davidson, \$4 ; Oliphant & Co. \$2 75 ; May, \$2 75 ; McCartney & Co. \$1 75 ; Robinson & Co. \$1 13 ; Crocker Co. \$14 49 ; G. Y. Davis & Co. \$1 50.....	399 36

# 246      REPORTS OF INVESTIGATING COMMITTEES.

## SUNDRIES, FEES, &c.

Patton, \$24; Allen, \$11 50; Clifford, \$13; Clifford, 13; } Mendenhall, \$10; Strong, \$6; Reading Room, \$12 50; } Witness, \$4 50; Jacobsen, \$2 50; Bowie, \$15; Lit. } and Phil. Soc. Dep. \$6 81; ins. advanced, \$108 75, }	227 56
F. H. Elmore, President, balance of salary, due } 1st October, 1840....., } 1,000 }	4,000 00
Salary to 1st October..... 3,000 }	
C. M. Furman, Cashier, balance of salary, due } 1st October, 1840..... } 1,394 }	3,479 00
On account salary, 1st October, 1841..... 2,085 }	
W. Lee, Teller.....	1,800 00
T. Waring, Assistant Clerk and Teller.....	1,600 00
W. B. Foster, Discount Clerk.....	1,800 00
R. W. Cogdell, Book-keeper and Teller.....	1,800 00
R. Yeadon, first Assistant Clerk.....	1,800 00
Wm. A. Hayne, Book-keeper.....	900 00
J. E. Carew, Assistant Clerk.....	500 00
F. Gadsden, Out-door Clerk and Porter.....	1,000 00
Servants wages .....	241 48
H. Bailey, Attorney General, Sol. of Bank, act. of salary.....	650 00
	<hr/> \$23,607 31

Cr.

Sundry old accounts (deposits) transferred to this account.....	121 29
	<hr/> \$23,486 02
Deduct.....	67
	<hr/> \$23,485 35

C. M. FURMAN, Cashier.

## *Contingent expense account, Bank of the State of South Carolina, 1841.*

Salaries paid.....	\$19,338 00
Expenses on Specie .....	1,641 81
Postage, Stationery, &c.....	1,141 01
Costs, Officers charges for recording, and certificates.....	349 61
Insurance, repairs, Fuel, desks, &c. &c.....	884 73
Servants hire, &c.....	241 48
	<hr/> \$23,606 64

Cr.

Sundry old deposits placed to credit of this account.....	121 29
	<hr/> \$23,485 35

[No. 10.]

SCHEDULE.

*Bonds now due; original amount, and present amount.*

This schedule shows the original amount of those bonds now unpaid, and the amount still due on them.

Due.....	1834	1	\$5,000 00	\$3,416 85
".....	1835	1	4,165 38	2,808 37
".....	1836	2	25,000 00	7,489 36
".....	1837	3	19,788 00	7,572 65
".....	1838	13	86,050 27	35,390 37
".....	1839	20	181,230 00	111,575 35
".....	1840	14	207,740 00	105,336 19
".....	1841	19	142,211 52	125,442 75
Not due.....		22	238,287 66	207,560 39
		95	909,473 33	\$606,572 26

The principal of the above bonds has been reduced by payments, \$302,901 07.

From 1830 to the present time, the Bank has held three hundred and twenty bonds; of which, two hundred and sixteen have been fully arranged. Nine have been transferred to suit account, and are in process of collection. Ninety-five remain in bond account. Of a portion of these, the Bank has taken measures to enforce payment. The above statement alludes to the year when the whole bond became due.

[No. 11]

STATEMENT OF SINKING FUND.

Statement showing the operation of the Sinking Fund, and the mode of paying the public debt.

Balance on 1st October, 1841.....	\$743,628 31
Profits of year ending 1st October, 1841.....	106,000 00
	\$849,628 31
Stock redeemable and int. payable during the year 1842....	276,000 00
	\$573,628 31
Profits of year ending 1st October, 1842.....	110,000 00
	\$683,628 31
Interest payable in 1843.....	73,500 00
	\$610,128 31



# 248      REPORTS OF INVESTIGATING COMMITTEES.

Profits of year ending 1st October, 1843.....	\$610,128 31	110,000
Interest payable in 1844.....	\$720,128 31	73,500
Profits of year ending 2st October, 1844.....	\$646,628 31	110,000
Stock redeemable and interest payable in 1845.....	\$756,628 31	314,125
Profits of year ending 1st October, 1845.....	\$442,503 31	100,000
Stock redeemable and interest payable in 1846.....	\$542,503 31	349,750
Profits of year ending 1st October, 1846 .....	\$192,753 31	90,000
Interest payable in 1847.....	\$282,753 31	46,000
Profits of year ending 1st October, 1847.....	\$235,753 31	90,000
Stock redeemable and interest payable in 1848.....	\$326,753 31	230,000
Profits of year ending 1st October, 1848.....	\$87,753 31	80,000
Interest payable in 1849.....	\$167,753 31	34,000
Profits of year ending 1st October, 1849.....	\$133,753 31	80,000
Profits of year ending 1st October, 1850.....	\$213,753 31	78,000
Stock redeemable and int. payable in 1850,.....	\$225,000	} 247,000
Interest payable in 1851.....	22,000	
Profits of year ending 1st October, 1851,.....	\$44,753 31	75,000
Stock redeemable and interest payable, 1852.....	\$213,000	\$119,753 31
educt balance in Sinking Fund.....	119,753 31	
	\$93,246 69	

[ No. 12. ]

*Statement of 5 per cents. issued to South-Western Rail Road Bank.*

Amount of 5 per cent. Stock issued for Stock in the South-Western Rail Road Bank.....		\$200,000
Amount received by the Comptroller General from said Bank previous to Act of last Session, in payment of dividends. The payment of the interest on the Stock having been made out of Sinking Fund. This stock has been held by the Comptroller General as part of the Sinking Fund, but has never been transferred to that account in Bank.....		\$20,000
		•
		\$180,000
Amount received from the Bank on the reduction of the Shares held by the State from 10,000 to 8,000—one-fifth, and then cancelled.....	\$50,000	
Amount received from the So. West. R. Bank since Act of the last Session, for dividends, and cancelled,.....	8,337 50	58,337 50
		\$121,662 50
Of this balance of \$121,662 50, the South-Western R. R. Bank still holds the sum of.....		\$81,662 50
Held by individuals, to whom the said Bank has sold stock,--		40,000
		\$121,662 50
To which, if we add the amount held for Sinking Fund,----		20,000
Makes the sum said to be outstanding,-----		\$141,662 50
C. M. FURMAN, <i>Cashier</i> <i>Bank of the State of South Carolina.</i>		

[ No. 13. ]

STATEMENT OF THE FIRE LOAN.

	£	£	s.	d.
General McDuffie sold.....	15,500			
To an individual at 95, which netted.....		14,664	6	5
And sold to Baring, Brothers & Co. at 93, payable by instalments.....	217,500			
Which netted.....		202,275		
	233,000	216,939	6	5
The balance of the Loan,-----	217,000			
Was raised by the sale of 6 per cent. State Stock, in this State.....	450,000			

# 250      REPORTS OF INVESTIGATING COMMITTEES.

The Bonds sold in Europe, produced in Charleston the sum of.....	£1,045,438 70
The 6 per cent. stock sold, produced the sum of.....	964,444 45
	<hr/>
Deduct this amount, which was carried to the account of } interest and expense of State Loan..... }	£2,009,883 15 9,883 15
	<hr/>
Leaving to the credit of the Loan for rebuilding the } City of Charleston,..... }	£2,000,00
A part of the Loan was received in specie, but it was principally drawn for by checks and drafts on New York and on London, and current funds credited here.	
The State Bonds were never hypothecated in Charleston. The agents of the State, not being able to sell the Bonds in New York, made an arrangement with the house of Maitland, Kennedy & Co. agents of the house of Reid, Irving & Co. of London, to make an advance on deposit of Bonds, of.....	
	£300,000
When the Bonds were sold, this advance was repaid to Reid, Irving & Co. by General McDuffie, and Messrs. Baring, Brothers & Co. the amount being.....	£63,050 5s. 5d.
	<hr/>
	£ s. d.
The expenses on this advance were.....	752 14 7
Deduct interest on funds in his hands....	37 4 0
	<hr/>
	£715 10 7

The amounts paid to agents were,	
To Judge Colcock for his expenses to Philadelphia and New York, to negotiate the Loan and advance,.....	£441
To General McDuffie, to cover his expenses to New York and to Europe, (incurred in negotiating the Loan,)....	4,888 88
Sundry other expenses incurred for the printing of two sets of Bonds for the transmission of Specie, sending expresses to the Governor, and New York, to carry on the Bonds and have them executed,.....	2,805 91
	<hr/>
	7,135 79
Amount transferred to interest and expenses on State Loan, as before stated,.....	£9,883 15
Deduct this sum,.....	7,135
	<hr/>
	£2,748 15

FIRE LOAN.

---

The Bonds in Europe amount to the sum of £233,000 sterling, which, at ten per cent. premium, would require for their settlement, in dollars,-----	\$1,139,343 33
The State 6 per cent. Stock sold, amounted to the sum of	964,444 45
	<hr/>
	\$2,104,787 78

The interest on the above sums, viz:

On Sterling Bonds, ten per cent. premium, \$57,525 11
On Six per cent. Stock,----- 57,866 66

---

\$115,391 77

The interest on the Bonds of the borrowers from Fire Loan is about----- 62,000

The interest on the balance of the fund not loaned, but used by the Bank as capital, say----- 5,108 23 58,500

---

\$120,500 \$120,500

In the above estimate, the rate of exchange has been fixed at ten per cent. which is higher than it will cost (in all probability) to remit.

The interest on the later Bonds, taken under the Fire Loan, is fixed at seven per cent; so that the interest on the Bonds will amount to rather more than the above estimate.

The fund, so far as it is not used for the original object of the Loan, may be available to the State for more than 6 per cent. as by an enlargement of the capital of the Bank, it becomes the basis for a larger circulation.

The loan is redeemable—one-half in twenty years, and one-half in thirty years.

The amount to be paid above the \$2,000,000, will be with commission, say----- \$130,000

Excess of interest for twenty years will amount to \$100,000

“ “ “ “ ten years,----- 25,000

---

125,000

---

\$5,000

The redemption of the capital of Fire Loan is provided in the following manner: In the amount of bonds taken for loans made under the Act for re-building the city; the responsibility of the Bank for the funds received by it, over and above the amount loaned to land owners, and therefore the whole means of the Bank, stand as security for the fund.

[No. 14.]

*Statement of the several Loans made by the State of South Carolina, referring to Acts creating them; when redeemable, &c.*

When created, and by what Law.	Rate of Interest.	Amount.	When redeemable.	Date.	Premium received.	Redeemed.	Now due.	Application of the Loans
Act 1794, S. L., vol. 5, pp. 240 & 241.	3 per ct.	\$800,000 00	Will of Legislature	1821			193,530 35	Balance of Revolutionary debts.
Do. 1820, Acts of Assembly p. 8,	3 per ct.	200,000 00	1840	September 30	10,983 32	P. off 1840	Do.	Contracted to pay the deficiency in the Treasury, occasioned by the amount expended on internal improvements,
Do. 1822, do. p. 8,	5 per ct.	200,000 00	1843	1823, Sept. 30	9,214 37		250,000	The whole paid into the Treasury.
Do. 1824, do. p. 6,	Do.	250,000 00	1845	1825, Sept. 30	9,565 62		300,000	For Mrs. Randolph, daug. of Jefferson.
Do. 1825, do. p. 6,	Do.	300,000 00	1846	1827, Sept.	10,575 08	Par.	10,000 00	For sub. in advance for shares in the Lou. Cin. & Charleston Rail Road Company.
Do. 1825, do. p. 15,	5 per ct.	10,000 00	1850				600,000	
Do. 1839, do. p. 86,	Do.	200,000 00	1850		Par.			
Do. 1838, do. p. 44,	Do.	200,000 00	1852					
Do. June, 1833,	5 per ct.	200,000 00	1858			P. off in p.	141,662 50	Sub. to shares in S. W. R. R. Bank.
Do. " " p. 5,	5 p. c. S. B.	1,035,555 55	1860 '70,				1,035,555 55	For rebuilding the City of Charleston.
Do. " " p. 5,	5 p. c. st.	964,444 45	" "				964,445 45	" "
The faith of the State pledged for this loan, see A. passed Dec. 20, 1837, p. 35, st. Bds }	5 p. ct }	2,000,000 00	1866				3,695,192 85	
	35. st. Bds }						2,000,000 00	For L. C. & C. Rail Road Company.
							5,695,192 85	

\*No provision made by law for payment of interest or principal of this loan. The interest hitherto has been paid from the Sinking Fund.

No part of the above Loans has been used by the Bank of the State of South Carolina, excepting that part of the Loan for rebuilding the City of Charleston, which has not been loaned out for that purpose.

WM. ED. HAYNE, *Comptroller General.*

COMPTROLLER'S OFFICE, CHARLESTON. August 7th, 1841.

[No. 18.]

GENERAL SYNOPSIS

*Of the operations of the Bank of the State of South Carolina.*

From the institution of the Bank to the creation of the Sinking Fund in 1821, it paid into the State Treasury as profits,	\$592,001 29
It has paid interest on State stocks and bonds, since the establishment of the Sinking Fund.....	1,644,682 33
It has redeemed State 6 per cent. stock, created under the Act of 1820.....	800,000 00
There remains in the Sinking Fund, a balance of profits amounting to.....	198,206 52
Showing that the Bank profits to 1st October, '41, have been	\$3,234,889 84
The interest on the capital of the Bank during the same period, would amount to.....	2,047,008 90
	\$1,187,880 94
If from this balance, there be deducted the interest on the surplus revenue deposited with the Bank of the State, say.....	\$328,221 10
And interest on Fire Loan Funds held by it..	181,250 86
	509,471 96
There remains a nett profit, above 7 per cent. of.....	\$678,408 98
Upon the operations of the Bank, up to the 1st of Oct. last.	

I have not computed interest upon that portion of the Sinking Fund formed of profits of the Bank, as that fund was created by the Bank itself.

(1841.)

## BRANCH AT COLUMBIA.

The Joint Committee appointed at the last Session of the Legislature, to examine the affairs of the Branch Bank of the State, at Columbia, beg leave respectfully to Report :

That, in the discharge of the duties assigned them, they commenced their labors early in May last, which were continued for several successive days, and were again renewed during the last month, for a short period, when they were finally closed. The cordial co-operation of the officers of the Bank with the Committee in their investigations, and the prompt and agreeable manner in which they furnished all the information called for within their power, contributed very much to lighten the labors of the Committee, and to facilitate a proper understanding of their duties.

The Committee have fixed the period when the Exhibit A, hereunto annexed, was completed, as the point at which they propose to shew the condition of the Institution, although their examination was extended to a much later period, and they will find it necessary to remark upon some matters that require notice since that time.

The document above referred to, will shew the general condition of the Branch at the time it was completed; and the Committee will now proceed to make such remarks as have occurred to them as useful and proper.

This institution has no fixed permanent capital. It is entirely dependent on the parent Bank for its means. Upon its indebtedness to this Bank, together with the Treasury deposits which are placed in its custody, are based all of its banking operations. This sum is fluctuating; from the best estimate we have been able to make, taking into consideration its connection with the Treasury, (and this will be found, on examination, more favorable to the latter,) it may be set down as the amount of its indebtedness to the parent Bank. The profits up to the date of the said Exhibit, will be found to be \$27,527 23, from which deduct all the expenses and salaries, \$5,492 23, which will leave the nett profits \$22,035. The salaries of some of the officers have been considerably reduced during the last year. Exhibit B. will shew the salary of each officer as now fixed. It may be proper here merely to remark, that this is a matter regulated entirely by the parent Bank, and for which it is alone responsible. The contingent expenses form so small an item, that they scarcely deserve to be noticed seriously; yet, even in this, some reform is expected.

It appears, from evidence furnished your Committee, that by a regulation of the parent Bank, since the year 1835, four solicitors have each been paid a salary of three hundred dollars by this Branch. It is difficult to perceive upon what principle of economy such a regulation could have been predicated. It would seem almost incredible, were not the evidence before us, that such was the fact; in some of the Circuits, it would be hazardous but little to say that scarcely a litigated case in which the Bank was interested, had ever occurred. And it is clear, that with the slightest attention, much more economical terms could have been obtained for the performance of the same services, as subsequent events have fully proven; and no one has been found who has attempted to excuse this measure, much less to justify it. This Branch earnestly urged the repeal of this regulation, and desired the selection of its own Attorneys, and finally, on the 23d of July, 1840, passed a Resolution disapproving of the said regulations, which was

transmitted to the parent Bank, and no action had upon it until sometime in March last, when the said salaries were discontinued, and this Branch left to select and pay its own Counsel. There must necessarily be a considerable reduction in the annual expenses of the Branch from this new regulation. After carefully examining all the branches of expenditure connected with this Institution, your Committee do not perceive any matter upon which they would recommend reduction.

Your Committee will now turn their attention to the debts due the Bank, including notes discounted, Bonds and Drafts. These items form the most important branches of enquiry which it becomes their duty to investigate, and necessarily required the greatest share of their labors and diligence. Upon the soundness of these debts depend the security and usefulness of the Bank. Your Committee have availed themselves of all the means within their reach, to obtain satisfactory information as to the real condition of these debts; and the result of this examination is, that the Committee have no reason to believe that any of them are not well secured. It would be well to mention here, that the debt of John S. Lott & Co. of \$6,000, and a debt due by the Columbia Academy, are to be excluded from the foregoing remarks, although they formed, nominally, a part of these debts: both of them have heretofore been reported to the Legislature, with their real condition, and both have been carried to the account of profit and loss, at the end of the last fiscal year. Your Committee, however, must be permitted to say, from a high sense of moral obligation, arising out of the trust reposed in them, that their belief of the condition of these debts, is predicated upon evidence not of the most satisfactory character, and it is utterly impracticable, from the actual state of things, to obtain anything like certain information, and at last, a great deal must be taken upon hearsay information. Of these Notes, there is in suit and in judgments the sum of \$305 49, upon which no interest has been paid; and of the Bond debts, \$12,000 are in judgment, upon which interest has been paid. These debts are of long standing, and it is manifest there has been culpable neglect in their collection somewhere. This is too palpable to be questioned, and it is attempted to excuse it here, because of the defective system of collection established by the parent Bank. This excuse cannot, however, be urged any longer. The Board of Directors have passed a Resolution requiring that all judgment debts shall be paid in full by the first of January next; and the Committee have received the strongest assurance that this Resolution shall be rigidly enforced. It was ascertained, in the course of their examination, that a portion of the debts of the Bank was owing by persons resident out of the State, and that some of these debts had been created by individuals who were at the time actually so resident beyond the limits of the State. The Committee believe these loans are not in accordance with the object for which the institution was created, or its true interests, and they are therefore of opinion that these debts should be collected as early as practicable, and that no others of a like character be hereafter created.

It will be seen, by reference to the Exhibit A, that there is but a small amount of Bond debts due the Bank. It is said that all of these have been created under special circumstances, and that the practice of loaning upon Bond, has been for some time discontinued, as a part of the regular business of the Bank, and that such is to be the line of conduct hereafter to be pursued.



With a view to ascertain how long the debts of the Bank had been standing, your Committee traced them back to the time of their creation, and found them to range from the year 1833 to the date of their examination. They found, also, that a large amount of interest on some of them, had been suffered to remain uncollected; a part of this interest has, however, latterly been paid. Your Committee are constrained to say that they cannot approve of the administration of this portion of the affairs of the Bank, and were it not for the Resolutions lately adopted by the Board of Directors, would feel themselves compelled, by a sense of duty, to recommend some decisive action on the subject. Your Committee, however, are gratified to believe that the action of the Directors will remedy the evil, and supersede the necessity of the course above indicated. These Resolutions require the payment of thirty per cent. on all the Bond debts, by the month of April next, otherwise the Bonds are to be put in suit; also, they require ten per cent. to be paid on all Notes, at each successive renewal, commencing on the 10th of October last, and on all Notes of long standing, one half will be required by the Return Day previous to the next Spring Court. If these Resolutions shall be carried out in good faith, and your Committee have entire confidence that they will be, little else will remain to be recommended on the subjects to which they are applicable.

It appears that on the 14th day of May last, the Directors of this Branch were indebted to it, as Drawers, the sum of \$99,915 82, and that the officers, in like manner, are indebted the sum of \$21,550—making the aggregate sum of \$121,465 82; and that on the 22d November, 1841, the Officers and Directors were liable, as endorsers, in the sum of \$102,300 22. Your Committee would submit the question whether these Officers and Directors have not obtained an undue proportion of the loans of the Bank, and whether some practicable and useful measure might not be adopted, to limit the amount they should be authorized to borrow. Your Committee would not be understood as casting any suspicion on the security of these debts; nor do they believe that a change of the administration of the Bank would produce a different state of things. If it be an evil, it is inherent in the system itself.

The suspense account grew out of the disastrous transactions of 1835. It has been reported upon heretofore, to the Legislature, and it is only necessary here to remark, that no new item has been added to it, and it is now carried to the account of profit and loss.

Your Committee, believing the information might be useful, have appended to their report, and made it a part of it, a statement, marked Exhibit C, showing the nett profits and losses of the Bank, from the year 1815 down to the end of the last fiscal year.

In conclusion your Committee beg leave to add and submit the following Resolutions:

*Resolved*, That this Legislature approve of the Resolutions adopted by the Board of Directors of the said Branch, requiring the payment of all judgments by the first day of January next, as also the one-half of all notes of long standing by the last of February next, and one-tenth of all other notes at each renewal; and recommend that the same be faithfully carried into execution.

*Resolved*, That in the opinion of this Legislature, the debts due to this Bank by persons residing out of the State, ought to be collected as early as may be practicable, and that no others of a like nature be created.

All of which is respectfully submitted.

L. BOOZER,

*Chairman of Committee of Senate.*

Z. P. HERNDON,

*Chairman of Committee of House.*

EXHIBIT A.

*Statement of the Branch Bank, Columbia.*

Dr.		
1841		
May 10	To amount due parent Bank.....	\$790,197 66
	Discount account.....	26,296 76
	Interest on bonds.....	149 68
	Interest on bills.....	1,080 79
	Treasury.....	11,749 72
	Deposits.....	73,455 11
		<hr/>
		\$902,929 72
Cr.		
1841		
May 10	By amount of notes discounted.....	\$725,707 22
	Bonds.....	42,319 53
	Drafts on Charleston.....	3,700 00
	Suspense account.....	11,044 22
	Officers' salaries.....	4,900 00
	Incidental expenses.....	292 23
	Solicitors' salaries.....	300 00
	Cash.....	114,666 52
		<hr/>
		\$902,929 72

## EXHIBIT B.

*Salaries of the Officers of the Branch of the Bank of the State, at Columbia, as now established.*

President.....	\$2,000
Cashier.....	1,800
Teller.....	1,500
Discount Clerk.....	1,600
Assistant and Out-Door Clerk.....	1,000
	<hr/>
	\$7,900

## EXHIBIT C.

*Statement of Nett Profits and Losses for each year, from 1815 to 1841.*

To 30th Sept. 1815, Nett Profits.....	\$12,383	10
“ “ 1816, do. do. ....	18,995	22
“ “ 1817, do. do. ....	19,791	76
“ “ 1818, do. do. ....	40,100	06
“ “ 1819, do. do. ....	48,292	43
“ “ 1820, do. do. ....	41,094	09
“ “ 1821, do. do. ....	35,773	55
“ “ 1822, do. do. ....	36,308	64
“ “ 1823, do. do. ....	35,999	76
“ “ 1824, do. do. ....	36,241	17
“ “ 1825, do. do. ....	41,950	29
“ “ 1826, do. do. ....	43,996	80
“ “ 1827, do. do. ....	42,236	04
“ “ 1828, do. do. discount account, and interest on bonds.....	47,801	33
“ “ 1829, do. do. do. do. ....	45,851	80
“ “ 1830, do. do. do. do. ....	49,116	09
“ “ 1830, entire losses on notes and bonds to date.....	\$7,389	86
“ “ 1831, nett profits.....	56,948	58
“ “ 1831, losses on notes and bonds.....	2,722	95
“ “ 1832, nett profits discount account, and interest on bonds.....	51,607	09
“ “ 1833, do. do. do. do. ....	41,667	56
“ “ 1834, do. do. do. do. ....	45,700	46
“ “ 1835, do. do. do. do. ....	36,519	59
Losses on drafts, in 1834.....	77,067	97
To 30th Sept. 1836, nett profits.....	37,856	57
“ “ 1837, do. do. ....	37,021	44
“ “ 1838, do. do. ....	38,503	49
“ “ 1839, do. do. discount acc't, bills and bonds.....	37,181	20
“ “ 1840, do. do. do. do. ....	30,857	16
“ “ 1841, do. do. do. do. ....	41,006	28
Losses in full to date, on notes.....	17,041	21

(1841.)

## BRANCH BANK AT COLUMBIA—SECOND REPORT.

The Special Committee, appointed on the part of the Senate, to examine the affairs of the Branch of the Bank of the State, at Columbia, to which was re-committed the Report of the said Committee, and to which was referred the letter of F. H. Elmore, President of the said Bank, have considered the matters referred to them, and beg leave, respectfully, to Report:

That on the subject of the employment of Solicitors, as salaried Attorneys, by the parent Bank, the following sentence occurs on the fourth page of the Report: "This Branch earnestly urged the repeal of this regulation, and desired the selection of its own Attorneys, and finally, on the 23d of July, 1840, passed a resolution disapproving of the said regulation, which was transmitted to the parent Bank, and no action had upon it until some time in March last, when the said salaries were discontinued, and this Branch left to select and pay its own counsel."

After the Report had been submitted to the Legislature, and ordered to be printed, the President of the Bank had an interview with the Chairman of the Committee, and complained of an error in the foregoing statement, in relation to the time when the salaries of the Solicitors were discontinued by the Directors of the parent Bank, alleging that this was done in Dec. 1840, and requesting that the alleged error might be corrected before the printing of the Report. With this request your Committee did not feel authorized to comply; the Report had been submitted to the Legislature, and ordered to be printed, and was, therefore, beyond the control of the Committee; and for this reason the correction was not made as desired.

The foregoing statement in the report, which is the subject of complaint by the President of the Bank, was predicated upon information furnished by the late President of the Branch, to your committee at the time of their examination in May last, which was entirely satisfactory to them—and your committee had no intimation of the alleged error until their attention was directed to it by the President of the Bank, as before mentioned.

The communication of the President of the Bank, contains the following statement in reference to this alleged error:

"I was in Columbia in July, 1840, and attended a meeting of the Board of the Branch Bank, brought the subject before them, and finding they unanimously opposed the system, suggested the very resolution as indicating their opinion, which is referred to in the report of the committee. It was forwarded to the Board at the Parent Bank, but so far from there being no action on it until March, 1841, the subject received a great deal of attention—was referred to a committee—and finally, the Board informally instructed me to bring the subject before the Legislature, and to endeavor to procure an alteration of the law which would enable us to simplify the collection of our debts. The Committee of Ways and Means of the House of Representatives and of Finance in the Senate, will bear witness that their directions were at the last Session attended to by me. A bill for the purpose passed two readings in the Senate, but was not acted on in the House. Immediately upon its failure, I wrote in December, 1840, to the Board in Charleston, informing them of the fact, and advising some immediate action. That Board promptly passed a Resolution dissolving the connection with the Solicitors, and informed them of it."

The difference, then, between the statement made to the Committee by the late President of the Branch, (upon which the allegation in the Report is based,) and that contained in the communication of the President of the Bank, is merely as to the time when the Directors of the Parent Bank acted upon the Resolution of the Branch, disapproving of the employment of the Solicitors; the former fixing it in March, 1841, the latter, in December, 1840. Your committee are satisfied that the statement of the President of the Bank is strictly correct, but they are of opinion that it is perfectly reconcilable with that made to the Committee by the late President of the Branch. In fixing the time when the action took place, he very naturally referred to the time the information was communicated to him, and not when it actually took place. And your Committee can very well perceive, that the Board in Charleston had acted in the matter in December, and in fact the result of their action was unknown to the President of the Branch, until March subsequent. There being, as your Committee were informed, no document or record in the office of the Branch, of an official communication from the Parent Bank to the Branch, on the subject.

All of which is respectfully submitted.

L. BOOZER, *Chairman.*

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(1841.)

### BRANCH AT COLUMBIA—THIRD REPORT.

The Joint Committee appointed at the last session of the Legislature, to examine the affairs of the branch Bank of the State, at Columbia, to whom was referred the communication of the President of the Bank of the State, in relation to the salaries of the solicitors, beg leave to report,

That in the report which this committee heretofore submitted to the Legislature, they stated, that it appeared from evidence furnished your committee, that by a regulation of the parent Bank, the branch at Columbia had paid to four solicitors, an annual salary of three hundred dollars each, since the year 1835; that the branch desired to have the selection of its own attorneys, and had earnestly urged the repeal of this regulation; and that finally, on the 23d July, 1840, the board of the branch Bank passed a resolution expressing their disapprobation of said regulation, and transmitted the same to the parent Bank; but that no action was had upon the subject by the parent board, until some time in March last, when the salaries were directed to be discontinued, and the branch was left to select its own attorneys.

In the communication referred to your committee, the President of the Bank complains of so much of this statement, as relates to the time at which the parent board acted upon the resolution of the branch, as being calculated to do injustice to him and them.

The statement made by your committee, upon the point indicated, was founded upon the following evidence: 1st. a written statement furnished to your committee about the middle of May last, by the late President of the branch, from which the following is an extract: "The branch Bank had not the right to choose its own attorney for collecting its debts, until within a few weeks since; and if there has been delay in collecting debts,

It has arisen from a defective system of collection, for which the branch is not responsible." 2d. A written memorandum made by the Chairman of the committee on the part of the House of Representatives, at the time of their examination in May, upon information then furnished, to the effect, that the action of the parent Bank upon the resolutions of the branch, was had in the "latter part of March last."

After the report of your committee was read to the Legislature, and was ordered to be printed, the President of the Bank had an interview with the Chairman of the committee, and requested them to alter their report as mentioned in his communication. This request your committee did not feel themselves at liberty to comply with, because they supposed they had no right to have the report printed otherwise than as it had been read to the Legislature; that gentleman also addressed to the Chairman of the committee a communication upon the subject, in which he made the following statement: "After taking my seat as President of the Bank, under my election in Dec. 1839, my attention was drawn to this subject. I found the year already begun, and the right (of the Solicitors) to their salaries existing for that year. During the Spring, the subject was examined more carefully, and the opinions of the branches sought. I was present in July, 1840, at the meeting of the Board of Directors, when the subject was taken up. I then learned that they had been always averse to the system, and desired it to be discontinued, and at my suggestion, they expressed their opinions in the form of a resolution, which was sent to the board of the parent Bank. I was instructed by the board, to endeavor to procure a change in the law to suit our peculiar circumstances, and brought the subject up before the Committee of Ways and Means, of the House, and of Finance, in the Senate. The Senate sent a bill to the House making a change, which was not acted on in the House. I immediately wrote to the acting President in Charleston, and informed him of the fact, and enclosed a resolution for their consideration on the subject, which the board approved, and immediately passed, by which the employment of the solicitors, at an annual salary of three hundred dollars, was discontinued, and they, respectively, were informed of the fact. The action of the board was in December last. My impression is, that the branches were immediately furnished, but I will not say such is the fact, as I have not access to my correspondence here, nor was any notice needed in fact; for the only material fact is, that the end was put to the connection with the solicitors, as salaried officers of the Bank, in December, 1840. They are entitled to no salary after that date."

Your committee would remark in passing, that they think it was the duty of the parent Bank to give notice to the branch, of the resolution to which they had come upon this subject.

Evidence was laid before your committee, showing that the resolution mentioned by the President, was adopted by the parent board on the 29th of December, 1840, and communicated to the Attorney General on the 31st.

In a letter which has been laid before us, addressed to the President of the parent Bank by the present President of the branch, he says: "I do not recollect precisely when we were first informed of the change, (in the regulation relative to the employment of attorneys,) but am sure I had official information of the fact before our notes were sent to suit, about the 15th of February last, as I acted under such information in discharging that duty." This gentleman was at that time the Cashier of the branch.

Your committee are well satisfied, that all the gentlemen, whose state-

ments upon this subject are referred to, have stated what they believe to be correct, and have only to express their regret, that no official document has been furnished, to fix with precision the time at which the resolution of the parent board was made known to the officers of the branch.

All of which is respectfully submitted.

Z. P. HERNDON, Ch. Com. of the House.

(1841.)

### BRANCH AT CAMDEN.

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The Joint Committee of the two Houses appointed at the last session to inspect and report upon the affairs of the Branch of the Bank of the State of South Carolina, at Camden, beg leave to Report :

That the Committee proceeded, early in the month of September last, to perform the duty enjoined. The Committee, on a careful scrutiny, found that the Specie on hand amounted to the sum of.....\$ 709 47  
Bills of other Banks..... 15,430 50

#### *Notes of Hand Discounted, to wit :*

Run to maturity.....	\$403,886 00
Protested.....	8,915 00
In suit.....	9,869 00
In judgment.....	28,004 00

Total of Notes discounted.....	\$450,654 00
Bonds.....	52,987 62

The Assets and Liabilities of the Bank agreed with its monthly return, ending the 31st August preceding the examination, allowing for slight changes, which the operations of a week would reasonably bring about.

The Bonds and Notes of hand due the Bank, from the best information the Committee could obtain, after a careful examination, are well secured, with the exception of a small note of hand of three or four hundred dollars, which appeared doubtful. On the whole, the Committee was of opinion that the Bank is in a sound and healthy condition, and that it has been ably and faithfully conducted. It is proper to add that every facility was cordially offered, that could aid the investigation.

JOHN BUCHANAN, *Chairman.*

(1843.)

REPORT OF THE SPECIAL COMMITTEE

APPOINTED IN DECEMBER, 1842, TO INVESTIGATE THE CONDITION OF THE  
BANK OF THE STATE, IN CHARLESTON.

*To the Honorable the Senate and House of Representatives of the State of  
South Carolina.*

The Committee appointed by Joint Resolution of both branches of the Legislature, and charged with an inquiry into the condition of the parent office of the Bank of the State of South Carolina, at Charleston, respectfully report :

That they have given to the duties assigned them a minute and laborious investigation, which was commenced on the 10th day of July, and continued, without intermission, until the 28th of the same month. During this period the officers of the Bank furnished them promptly with such information, both verbal and documentary, as they called for, and contributed, in every way in their power, to aid the Committee and facilitate their duties.

Exhibit A contains a general and correct representation of the condition of the Bank, on the 10th July, 1843. This document will vary in many particulars, from the corresponding document, which will be presented to you in the Annual Report of the President ; a difference, however, which arises exclusively from the different periods of investigation, as will appear from their respective dates. Your Committee will now proceed to offer such other documents, and make such remarks on them, as came under discussion during their examination.

SPECIE.

Upon examination of this item, your Committee found, in the hands of the Cashier, gold coins, consisting of every variety now in circulation, amounting to-----

Also, silver coins, amounting to-----

Amount of Specie in hands of Cashier-----

Amount of Specie in hands of Tellers-----

Total amount of Specie in Bank, July 10, 1843-----

BANK NOTES ON HAND.

The Cashier produced Bills of the Bank of the State of South Carolina, put up in packages, as counted by a committee of the Directors, which, upon examination, your Committee found to be-----

Cut Bills, as per Report of 11th and 18th June, 1832-----

Cut Bills, paid by the Cashier-----

Bills of the Bank of Camden-----

Treasury Notes-----

Two dollar bills, (loose)-----

Two dollar bills, marked A-----

Two dollar bills, marked B-----

Total amount of Bank Notes in hands of Cashier-----



Bank Notes in hands of Tellers.....	\$58,355 00
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Total amount of Bank Notes on hand July 10, 1843....	\$449,846 00
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**BANK ESTATE.**

Exhibit B, herewith filed, will show the real estate owned by the Bank, together with the original cost and such expenses as have been incurred thereon since the last report by a Committee of the Legislature. This item is distinguishable from real estate received by the Bank in payment of debts, as it consists strictly of purchases made by the Bank for Banking purposes.

**REAL ESTATE OWNED BY THE BANK, RECEIVED FOR DEBTS, &c.**

Exhibit C shows the transactions of the Bank under this head, since 1833, together with the real estate on hand at the date of this Report. Your Committee are satisfied that a Bank should never, if possible, allow its funds to be diverted from the ordinary channels prescribed by sound banking principles; but so long as large loans are made upon mortgage of property, the Bank will be under the necessity frequently, in order to avoid heavy losses, in times of great depression, to become temporarily the owner of property sold under foreclosure of its mortgages. Your Committee are satisfied such has been the character of the transactions of the Bank under this head. The amount is not larger than would reasonably be expected, when reference is had to the large amount of the assets of the Bank secured by this kind of property.

**BANK NOTES ISSUED.**

This subject necessarily embraces an extensive range of enquiry; the first of which, is to ascertain the amount of bills in circulation; secondly, the amount in Bank; and thirdly, compare the issues with the specie on hand. It will be seen by the General Statement, that the amount of Notes issued at Charleston, is.....

.....	\$1,103,955 00
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Notes issued in change.....	79,463 00
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Notes issued at Columbia.....	40,200 00
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Total amount issued.....	\$1,213,618 00
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Deduct amount of Notes on hand.....	382,750 00
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Makes total amount in circulation.....	\$830,868 00
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By comparing the circulation with specie, the ratio will be a fraction over three to one. But this would not exhibit the true condition of the circulation. In thirty-one years a very large amount has been lost, and will never come against the Bank. And besides this, the Bank had of specie funds, viz: Domestic and Foreign Exchange in New York and London, \$287,889 34. The notes of the Bank in possession of the Branches are also to be deducted from the liability of the Bank on this score.

Exhibit D. shows an elaborated statement of the impressions and issues of Bills since the first of August, 1839.

**BILLS AND NOTES DISCOUNTED.**

The Committee required the production of every note, compared the amounts and endorsers with the statement furnished by the Bank, and found them to correspond.

Among so many notes, amounting to the sum of \$912,101 05, it could not be expected that all were above suspicion. But your Committee, after all the scrutiny which their knowledge of the parties, and such information as they could obtain from others, enabled them to bestow, have come to the conclusion, that the Discount list is as good as is ordinarily made by similar institutions. The notes were all endorsed, and most of them based upon planting interests or *bona fide* business operations. The Committee will not say that these debts are all due by persons owning visible property; but where such consideration is wanting, the loans seem to have been made upon good business character. Your Committee, therefore, believe that the Directors have been judicious in their discounts, and that the State has no cause of uneasiness on this head.

### BONDS SECURED BY MORTGAGE.

The Committee required the production of every Bond and Mortgage, compared the amounts and names of the sureties with the statement furnished by the Bank, and found them to correspond. The Committee further required a statement of these Bonds, classified into the several years in which they became payable, the number of each year, the original amount, present amount, and arrears of interest, due July 10th 1843. The number of these Bonds your Committee find to be eighty-eight. One fell due in 1834, one in 1835, two in 1836, two in 1837, nine in 1838, eighteen in 1839, nine in 1840, fourteen in 1841, five in 1842, seven in 1843, and twenty not yet due.

The original amount of this list was.....\$826,315 06

Amount paid up to 10th July, 1843..... 300,945 69

Amount due for principal 10th July, 1843.....\$525,369 37

Arrears of interest due 10th July, 1843..... 67,187 03

Amount of principal and interest due 10th July, 1843, \$592,556 40

Your Committee are satisfied that the loss on these debts has been smaller than on other transactions of the Bank, and if the present list is judiciously and firmly managed, and future loans cautiously made, the benefit to the permanent interests of the State will well warrant the devotion of a portion of its funds to this purpose.

Your Committee consider a portion of this debt doubtful, and a small part, probably, irrecoverable, but the loans in such cases were made upon mortgage of property, deemed by prudent men as ample at the time.

Your Committee observed that, in some instances, the Bank had made loans upon mortgages of personal property, without the addition of personal security. Loss has resulted. They therefore strongly urge the expediency of this course, and suggest that in all cases where loans are made upon a mortgage of personal property, personal security should also be required.

### BONDS, NOTES AND BILLS IN SUIT.

This item of the assets of the Bank is distinct from, and not included in, the amount of debts carried to profit and loss. Although they have lost their Bank shape, they are still looked upon as assets.

Your Committee required from the Cashier a full statement of these debts, classified into the several years in which they were put in suit and

judgment recovered; original amounts, amounts now due, and arrears of interest due to the 10th July, 1843; upon a minute examination of this list, your Committee have come to the conclusion, that fully one half of this debt will be lost to the Bank.

The amount of this item now due, is.....\$205,321 35  
Arrears of interest due the 10th July, 1843..... 32,694 79

Amount of principal and interest due 10th July, 1843....\$213,016 09

Your Committee recommend that some mode be instituted by which the Bank may have always at hand a correct knowledge of the state of such debts as are put in suit, that annual or semi-annual returns should be made to the Bank by the Solicitors employed to sue the cases, giving a statement of the condition of such debts. For the want of such a system, the Bank is kept in ignorance of the true condition of the debts in suit, and your Committee were embarrassed in their examination of this item of the statement. Your Committee are further of opinion, that the amount of this item should be reduced, by carrying to profit and loss so much thereof as is certainly bad, in order that the amount claimed as assets of the Bank may fairly represent an available sum.

#### SINKING FUND.

This fund was originally created by the State to redeem the stock issued for Internal Improvements. It was formed by accumulations from the profits of the Bank, and received no other aid until 1839, when the sum of \$651,422 09, a portion of the amount received by the State from the Surplus Revenue, was added to it.

EXHIBIT E, herewith filed, contains a statement of this fund from its commencement to the 1st October, 1842, and shows a balance to its credit of \$679,863 54.

#### CONTINGENT EXPENSE ACCOUNT.

This item is made up of the current and incidental expenses of the Bank, including salaries, fuel, insurance, travelling expenses, and such other expenses as are necessary in such institutions. This item was correctly vouched, and amounts to the sum of \$20,251 92.

#### FIVE PER CENTS. ISSUED TO SO. W. R. R. BANK.

EXHIBIT G shows a statement of this Stock, the amount outstanding, amount held by the South Western Rail Road Bank, amount held by individuals, amount held by the Bank of the State, amount held by the Comptroller, and by whom the interest is paid on each amount.

#### FIRE LOAN.

Exhibit H shows a statement of this Loan, including the negotiations, the several issues, with the dates and rate of interest, and the amount paid on the Bonds. The amount invested in Bonds and Mortgages is \$1,086,556 50

Amount received on account of principal..... 55,039 88

Balance, for which the City is guarantor .....\$1,031,514 62

The interest on these Bonds has been punctually paid by borrowers, and more of the principal debt would have been paid, had not the liberality of the Legislature extended the time of payment. The guarantee of the City secures the payment of these Bonds. The Bank has foreclosed

mortgages to the amount of \$167,687 50, and in every instance where individuals failed to bid enough to pay the mortgage, the city authorities purchased and executed to the Bank the Bond of the Corporation for the purchase money.

### LOANS MADE BY THE STATE.

The Committee feel it their duty to call the attention of the Legislature to this subject, and submit Exhibit I, as a statement of the several loans made by the State, referring to the Acts creating them, the objects for which they were created, and the times when they must be redeemed.

### CASH FUNDS USED AS CAPITAL.

Exhibit K furnishes all the information requisite on this head.

The Capital proper of the Bank is derived from the State, and amounts to

Surplus Revenue of the United States deposited with the State	balance	\$1,156,318 43	200,000 00
Sinking Fund		679,863 54	
Balance of amount raised by Fire Loan		964,444 45	
Amount received on Fire Loan Bonds		55,039 88	

Amount of Capital, and cash funds used as Capital. .... \$3,055,666 35

This Exhibit shows the funds used as Capital each year, from the establishment of the Bank, in October, 1812, the gross annual profits, annual losses, and annual nett profits.

### STOCKS.

The Certificates of Stock held by the Bank, as part of its assets, were produced and inspected by the Committee. Exhibit L, herewith filed, shows a correct statement of all the Stocks, of every kind, held by the Bank, with the dates of purchase, par value, and cost to the Bank. These Stocks, like all others, are liable to fluctuation, and the State may gain or lose by them, according to the times they are put in the market.

### PROFIT AND LOSS ACCOUNT.

The amount carried to this account, from the establishment of the Bank to October, 1841, is

In the year 1842, the amount carried was	\$458,657 85
In the year 1843, the amount carried was	6,585 21
	25,243 86

Amount carried to Profit and Loss, to October, 1843	\$490,486 92
Of this amount the Bank lost, by its Directors, at different times, as drawers	\$100,154 64
And as indorsers	83,514 66
	\$183,768 72

And lost by individuals, other than Directors. .... \$306,718 20

This exhibits the gross amount of Profit and Loss, not deducting sums subsequently collected on the debts carried to that account.

### JUDGMENTS ASSIGNED TO THE BANK.

This item consists of sundry judgments received from persons indebted to the Bank, in payment of bad or doubtful debts. The balance due under this head amounts to \$19,525 00; and is considered good.

## DEBTS DUE BY THE STATE.

Exhibit M shows a statement of the debts due by the State, distinguishing each issue of Stock with a column of annual interest payable on each, combined with a statement of the assets of the State, distinguishing each item, to October, 1842.

## SURPLUS REVENUE.

The Bank received on deposit from the United States, of this fund, the sum of..... \$1,051,422 00  
 Of which was carried to the Sinking Fund. \$651,422 09  
 Paid to the R. R. Company, subscription.. 200,000 00  
 In Bank, and used as Capital..... 200,000 00—1,051,422 09

## INDIVIDUAL DEPOSITS.

This item comprehends all other deposits than those made by the State Treasury. Your Committee had no means of testing this account, except by the monthly balances appearing on the books of the Bank, by which the sum of \$424,231 49, was claimed to be on deposit, on the 10th July, 1843.

In conclusion, your Committee consider it their duty to say that they found the affairs of the Bank in a very fair condition; and, as far as they were capable of judging, the present Directors are managing its concerns with integrity.

J. BERKLEY GRIMBALL,

*Chairman on part of the Senate.*

M. E. CARN,

*Chairman on part of Ho. of Reps.*

(A.)  
Statement of the Bank of the State of South Carolina, Charleston, 10th July, 1843.

To Capital.....	\$1,103,955 00	By Bills and Notes discounted.....	\$ 912,101 06
Bank Notes issued.....	79,463 00	Bills and Notes in suit.....	205,321 35
Do. do. in change.....	30,900 00	Bonds secured by Mortgage.....	523,369 37
Do. do. at Columbia.....	40,709 71	Bonds secured under Act re-building City,	1,031,516 62
Discount Account.....	39,701 74	Specie—Cashier.....	226,193 64
Interest do. Notes.....	18,663 91	Bank Notes—Cashier.....	391,491 00
Do. do. Bonds.....	42,417 97	Bank Notes and Specie—Tellers.....	63,057 35
Do. do. do. Fire Loan.....	1,624 11	Columbia Branch Bank.....	835,951 14
Premium do.....	128,000 86	Camden “.....	493,944 71
State Treasury.....	631,394 01	Hamburg Agency.....	3,819 56
Do. do. for Sinking Fund.....	2,000,000 00	Georgetown “.....	5,491 61
Do. do. for Surplus Revenue.....	2,000,000 00	Bank of Charleston Stock.....	147,900 00
Do. do. for Loan re-building City.....	2,000,000 00	State 3 per cent. do.....	32,960 75
Bills payable.....	19,000 00	Do. 5 “ “ do.....	160,300 01
Individual Deposits.....	424,231 49	Do. 6 “ “ do.....	179,508 78
		Commercial Bank do.....	486 25
		Bank United States do.....	5,184 00
		S. W. R. Road Bank do.....	12,623 96
		Do. 6 per cent. do.....	2,500 00
		L. C. & C. R. Road do.....	44,858 48
		Do do. Bonds.....	27,444 44
		Sterling do. do.....	48,257 36
		Bank Estate.....	66,608 06
		Real Estate.....	54,439 70
		Judgments.....	
		Interest and Expenses on State Loan.....	
		Interest 6 per cent. do.....	
		Baring, Brothers, & Co.....	2,688 70
		C. J. Hambro & Son.....	11,431 93
		Foreign Exchange account.....	71,719 01
		Domestic do.....	84,789 34
		Merchants' Bank account.....	117,260 36
		Contingent expenses.....	20,251 92
	\$5,915,679 97		\$5,915,679 97

## 270      REPORTS OF INVESTIGATING COMMITTEES.

## B.

*Bank Estate of the Bank of the State of South Carolina.*

1818,				
May 14,	For Banking House on South side Broad-street.....	\$18,000 00		
July 20	Do. do. Georgetown, for Branch Bank	3,273 47		
Aug. 12	Do. do. Camden, for do.	7,000 00		
1832,				
June,	Do. do. Columbia, for do.	4,000 00		
1838,				
June,	Do. do. Charleston, for do.	45,000 00		
	Do. Cash for Building Vault, Portico, Desks, &c.....	17,378 42		
	Do. do. for Granite Front and other improvements to Old Banking House.....	5,826 64		
	Do. do. for Lot and Buildings adjoining Banking House in Columbia, purchased.....	2,500 00		
1838,		\$102,978 53		
May	By Cash from sale' Banking House, Georgetown.....	\$2,500 00		
	Do, Contingent Acc't for profit in Bank of Charleston Stock.....	32,415 45		
	Do. Rent of Old Banking House placed to this Account.....	1,455 00		
	Do. Balance.....	66,608 08		
		\$102,978 53	102,978 53	
1843,				
Oct. 1,	To Balance.....	\$66,608 08		





## 272 REPORTS OF INVESTIGATING COMMITTEES.

[Exhibit D.]

*Statement of the Issues, Impressions of Bills and Blank Paper of the Bank of the State of South Carolina.*

Denomination of Bills.		No. of Sheets.	Am't of Issues.
Plate No. 2. \$100.	On hand 1st August, 1839..... These remain.	1600	
Plate No. 3. \$10.	On hand 1st August, 1830..... Issued since, and prior to 1st June, '41....	700 700	6005
Plate No. 3. \$5.	On hand 1st August, 1839..... Issued since, and prior to 1st June, 1841..... Issued since 1st June, 1841..... On hand.....	6005 1300 2000 2705	\$ 40,000
Plate No. 3. 2.	On hand 1st August, 1839..... Received in December, 1839..... Issued since, and prior to June, 1841, payment..... Charleston..... Do. do. Columbia..... On hand.....	4011 5004 9011 7600 1400 9011	
Plate No. 2.	On hand 1st August, 1839..... Received in December, 1839..... Do. in April, 1841..... Issued prior to 1st June, 1841, payment in Columbia..... Issued prior to 1st June, 1841, Charleston..... Issued since June, 1841, payment in Charleston..... On hand.....	4816 5004 5004 2200 7500 5000 124	20,000
Plate No. 3. \$100 & \$50.	Received in 1842..... Remaining on hand.....	1000 1000	
Plate No. 2. \$20.	Received in 1841..... Remaining on hand.....	2500 2500	
Plate No. 4. \$10.	Received in 1841..... Issued since..... On hand in Camden..... Do. do. Charleston..... <i>Carried to next page.</i>	7500 5000 1000 1500 7500	200,000 260,000

[Exhibit D, continued.]

STATEMENT OF ISSUES, &c.

Denomination of Bills.		Number of Sheets.	Amount of Issues.
	Brought forward-----	-----	\$260,000
Plate No. 4. \$5.	Received in 1841-----	10,000	
	Issued since-----9400		188,000
	On hand in Columbia-----600		
	-----	10,000	
Plate No. 4. \$2 and \$3.	Received in 1841-----	10,000	
	Issued since-----9000		90,000
	On hand in Columbia-----1000		
	-----	10,000	
Plate No. 3. \$1.	Received in 1841-----	25,000	
	Issued since-----6400		25,000
	On hand in Columbia-----5500		
	Do. in Camden-----8900		
	Do. in Charleston-----4200	25,000	
	Amount issued-----		<u>\$503,000</u>

# 274      REPORTS OF INVESTIGATING COMMITTEES.

[Exhibit D continued.]

## GENERAL STATEMENT OF ISSUES.

Balance of Bills of \$1 and upwards, 1st June, 1841		\$ 723,220 00
Issues of \$5, No. 3-----		40,000 00
Do. " 1 " 2-----		20,000 00
Do. " 10 " 4-----		200,000 00
Do. " 5 " 4-----		188,000 00
Do. " 3 \$2 4-----		90,000 00
Do. " 1 " 3-----		25,600 00
CANCELLED.		
1842, May 9-----	5,500	\$1,286,820 00
Aug. 27-----	57,900	
Sept. 9-----	36,900	
" 12-----	17,200	
" 19-----	25,410	
1843, May 19-----	285	
July 5-----	39,610	182,865 00
		\$1,103,955 00
Balance of Bills under \$1, on 1st June, 1841-----		\$84,060 00
Cancelled 27th August, 1842-----	\$1,000	
" 9th Sept. 1842-----	1,659	
" 19th Sept. 1842-----	1,100	
" 5th July, 1843-----	838	40,597 00
		\$79,463 00
Balance of issues of \$1 and upwards-----		\$1,103,955 00
" " under \$1-----		79,463 00
" " at Columbia-----		30,200 00
Aggregate of Issues, 10th July, 1843-----		\$1,213,618 00

EXHIBIT E.

*Statement of the Sinking Fund from its commencement to 1st October, 1842.*

1822, October 1st, Profits.....	120,072 18
paid interest.....	39,617 73
	80,454 45
1823, October 1st, Profits.....	113,207 61
	193,662 06
Paid interest.....	56,945 07
	136,716 99
1824, October 1st, Profits.....	116,350 58
	253,067 57
Paid interest.....	61,783 72
	191,283 85
1825, October 1st, Profits.....	115,042 96
	306,326 81
Paid interest.....	70,819 82
	235,506 99
1826, October 1st, Profits.....	70,500 00
	306,006 99
Paid interest.....	74,646 35
	231,360 64
1827, October 1st, Profits.....	75,000 00
	306,360 64
Paid interest.....	84,983 33
	221,377 31
1828, October 1st, Profits.....	113,802 95
	335,180 26
Paid interest.....	83,928 95
	251,251 31
1829, October 1st, Profits.....	112,000 00
	363,251 31
Paid interest.....	85,766 14
	277,485 17
1830, October 1st, Profits.....	112,182 04
Carried forward.....	389,667 21

## (EXHIBIT E. Continued.)

Brought forward.....	389,667 21
Paid interest.....	86,814 53
	302,852 68
1831, October 1st, Profits.....	120,000 00
	422,852 68
Paid interest.....	85,969 53
	336,883 15
1832, October 1st, Profits.....	120,000 00
	456,883 15
Paid interest.....	85,473 37
	371,409 78
1833, October 1st, Profits.....	120,000 00
	491,409 78
Paid interest.....	86,134 08
	405,275 70
1834, October 1st, Profits.....	195,233 45
	510,509 15
Paid interest.....	84,805 44
	425,733 71
1835, October 1st, Profits.....	120,000 00
	545,703 71
Paid interest.....	84,343 46
	461,360 25
1836, October 1st, Profits.....	135,000 00
	596,360 25
Paid interest.....	85,645 79
	510,714 46
1837, October 1st, Profits.....	201,225 37
	711,939 83
Paid interest.....	83,637 29
	628,302 54
1838, October 1st, Profits.....	196,530 84
	824,833 38
Carried forward.....	

[Exhibit E concluded.]

Brought forward.....	824,833 38
Paid interest.....	86,774 99
1839, October 1st—Profits.....	738,558 39
	210,000 00
Paid interest.....	948,058 39
	91,455 55
Redeemed and paid 6 per cent. stock, 1820.....	856,602 84
	798,795 96
Added to Sinking Fund from Surplus Revenue.....	57,806 88
	651,433 09
1840, October 1st—Profits.....	709,228 97
	110,000 00
Redeemed 6 per cents. 1820.....	819,228 97
	1,204 04
Paid interest 5 and 6 per cent. Stock.....	818,024 75
	74,396 62
1841, October 1st—Profits.....	743,628 31
	106,000 00
Paid interest.....	849,628 31
	69,764 77
Redeemed 5 per cents. 1822.....	779,863 54
	200,000 00
1842, October 1st—Profits.....	579,863 54
	100,000 00
Balance Sinking Fund, 1st Oct. 1842.....	679,863 54

## [Exhibit G.]

*Statement of 5 per cent. Stock, issued to the South-Western Rail Road Bank, in payment of Subscription for Shares in said Bank, showing the amount outstanding on 1st October, 1842; by whom the interest is paid, and when redeemable.*

Amount of original issue.		\$200,000 00
" Cancelled	58,337 50	
" Held by South-Western Rail Road Bank.	74,646 66	Interest paid from Dividends on Shares.
" Held by Bank of the State for Sinking Fund.	27,015 84	" paid from Sinking Fund.
" Held by individuals, &c.	40,000 00	" paid from same.
		<u>\$200,000 00</u>
Redeemable in 1858.		

## [Exhibit J.]

*Statement of the Several Loans made by State; Reference to the Acts creating them; When redeemable; Purposes of Issue, &c.*

Description of Loans.	Amount outstanding.	Acts creating them.	When redeemable.	For what purpose created.
Three pr cts.	193,530 35	1794-5, Stat. at Lar. vol. 5.	Will of the Legislature.	Balance of Revolutionary debt.
Five "	250,000 00	1824, December.	1845.	To enable the State to proceed with Int. Imp.
Five "	300,000 00	1826, "	1846.	Same.
Six "	10,000 00	1826, "	1850.	For the benefit of Mrs. Randolph.
Five "	141,662 50	1838, "	1858.	Subscription for Shares in S. W. R. R. Bank.
Six "	600,000 00	1839, "	† 1848, 1850, 1852.	Advanced Subscription to L. C. & C. R. R. Co.
Besides the Fire Loan Stock of 1838, for \$2,000,000, the State being the guarantor				W. LAVAL, C. G.

EXHIBIT (H.)

*Statement of the Fire Loan.*

1838	General McDuffie sold in London to an individual, at 95 per cent.-----	£15,500
	Which netted.-----£14,664 6s. 5d.	
	He also sold to Baring, Brothers & Co. at 93 per cent. payable in instalments.-----	217,500
	Which netted.-----202,275 0 0	
	Nett proceeds of £233,000 sold in Europe, 216,939 6 5	233,000
1840	The Balance of the Loan, amounting to-----	217,000
	Was raised by the sale of State 6 per cents. sold in Charleston, interest payable there.-----	450,000
	The Bonds sold in Europe produced in Charleston the sum of.-----	\$1,045,438 70
	The 6 per cents. sold produced the sum of.-----	964,444 45
		\$2,009,883 15
	Deduct this sum carried to credit of interest and expenses on State Loan.-----	9,883 15
		\$2,000,000 00
	The interest on the Bonds in Europe amounts, annually, to the sum of-----£11,650 0 0	
	Commission at 1 per cent.-----116 10 0	£11,766 10
	This sum, with Exchange at 8½ per cent. will amount, in Dollars, to.-----	\$56,740 67
	Equal to 5 42 ½d. per cent.	



## EXHIBIT (H.) Continued.

*Six per Cents. Fire Loan.*

1839.			
November,	6 per cents. sold	-----	\$24,838 77
December,	do. " do.	-----	2,000 00
1840.			
January.	do. " do.	-----	92,487 27
February,	do. " do.	-----	165,748 71
March,	do. " do.	-----	61,911 53
April,	do. " do.	-----	4,970 30
May,	do. " do.	-----	33,315 49
June,	do. " do.	-----	19,388 19
July,	do. " do.	-----	4,698 00
August,	do. " do.	-----	7,590 84
September	do. " do.	-----	23,985 28
			\$440,834 38
	do. " Credited by the Bank	-----	523,610 07
			\$964,444 45

[Exhibit H continued.]

*Sterling Five per cent. Bonds sold in Europe.*

1838.		
September...	Received during this Month	\$168,048 62
October.....	Received during this Month	56,000 00
December....	Received during this Month	145,207 71
1839.		
January,----	Received during this Month	317,485 04
February....	Received during this Month	219,668 41
March.....	Received during this Month	25,305 37
April.....	Received during this Month	1,600 00
June.....	Received during this Month	11,818 00
July.....	Received during this Month	49,893 33
September...	Received during this Month	50,412 22
		1,045,438 70
	Six per Cents as per Statement	964,444 45
		2,009,883 15
	Deduct this sum carried to Interest and Expenses, State Loan	9,883 15
		\$2,000,000 00

## K.

*Statement of Capital and Income of the Bank of the State of South Carolina.*

Year	Capital and Funds used as Capital.	Gross Profits.	Rate of Profits.	Am't Carried to Profit and Loss.	Rate of Loss.	Nett income.
1814*	255,900 14	3,325 21	1 85			3,325 21
1815*	338,807 14	48,900 71	16 34			48,900 71
1816*	444,973 59	63,022 69	16 08			63,022 69
1817*	722,879 05	76,507 91	13 06			76,507 91
1818*	1,052,886 07	110,738 07	12 47	4,900 00	46½	105,838 07
1819*	1,372,260 60	126,383 95	11 14	18,790 00	1 37	107,593 95
1820	1,196,220 65	100,287 37	8 38			100,287 37
1821	1,196,220 65	96,447 38	8 06	9,922 00	83	86,525 38
1822	1,196,220 65	121,042 18	10 11	970 00	08	120,072 18
1823	1,304,799 30	113,207.61	8 67			113,207 61
1824	1,361,289 26	123,325 58	9 06	6,975 00	51	116,350 58
1825	1,420,233 70	132,176 88	9 30	17,133 92	1 20½	115,042 96
1826	1,466,422 59	115,184 72	7 84	44,684 72	3 04½	70,500 00
1827	1,465,975 62	122,693 81	8 37	47,693 81	3 25	75,000 00
1828	1,439,318 73	127,240 37	8 83	13,437 42	93	113,802 95
1829	1,448,163 15	125,485 89	8 66	13,485 89	93	112,000 00
1830	1,476,147 32	130,480 27	8 83	18,298 23	1 24	112,182 04
1831	1,497,703 93	148,126 93	9 89	28,126 93	1 85	120,000 00
1832	1,535,321 62	140,925 65	9 21	20,925 65	1 36	120,000 00
1833	1,570,575 64	148,455 90	9 45	28,455 90	1 81	120,000 00
1834	1,604,396 29	148,271 13	9 24	43,037 68	2 68	105,233 45
1835	1,623,515 37	167,685 69	10 32	47,685 69	2 93½	120,000 00
1836	1,658,612 34	165,111 72	9 95	30,111 72	1 78½	135,000 00
1837	2,162,543 33	201,225 37	9 30			201,225 37
1838	2,776,577 90	196,530 84	7 07			196,530 84
1839†	3,637,760 45	221,319 45	6 08	11,319 45	31	210,000 00
1840†	3,676,121 14	182,526 77	4 96	28,657 33	74½	153,869 44
1841†	4,133,435 67	236,517 64	5 72	24,046 51	58	212,471 13
1842†	3,970,740 02	217,354 63	5 47	6,585 21	16½	210,769 42

\* The first six years the gross amount received during the year is here stated ; the actual Capital during the year, was less, (Sup. 110 and 181 of Bank Compilation) interest calculated on the latter.

†In these years the fire loan is included. On the Bonds the interest is 6 per cent. per annum, less than the rate of Bank interest. The amount so invested not available as ordinary Capital, and the expense of management paid by the Bank.

## EXHIBIT L.

*Statement of stocks held by the Bank of the State of South Carolina.*

Date of Purchase.	Description of Stock.	Par value.	Cost of Stock.
1835.	Bank of Charleston stock, 986 Shs.	98,600 00	98,600 00
1839.	Bank of Charleston stock, 986½ "	49,300 00	49,300 00
		147,900 00	147,900 00
1840.			
Jan.	State 6 per cent stock.....	4,108 00	4,108 00
Apr. 4	State 6 per cent stock.....	4,000 00	4,000 00
1841, Mch 2	State 6 per cent stock.....	2,000 00	2,000 00
1840, Sept 30	State 6 per cent stock.....	169,400 00	169,400 78
		179,448 78	179,448 78
1832.			
July 9	State 5 per cent stock.....	30,000 00	32,259 00
Feby 2	State 5 per cent stock.....	2,350 00	2,538 00
May 10	State 5 per cent stock.....	293 71	423 23
Aug. 4	State 5 per cent stock.....	10,700 00	11,556 00
Sept. 19	State 5 per cent stock.....	804 44	868 79
1833, Apl 18	State 5 per cent stock.....	983 33	1,052 16
" May	State 5 per cent stock.....	1,283 33	1,373 16
1834, Jan. 6	State 5 per cent stock.....	495 65	532 47
" Aug 11	State 5 per cent stock.....	2,628 98	2,681 56
1835, Mch. 3	State 5 per cent stock.....	2,000 00	2,040 00
1836, " 1	State 5 per cent stock.....	6,666 66	6,866 66
" June 7	State 5 per cent stock.....	2,500 00	2,575 00
1837, Oct. 5	State 5 per cent stock.....	1,000 00	1,000 00
1838, July 13	State 5 per cent stock.....	2,300 00	2,300 00
1839, Apl. 16	State 5 per cent stock.....	1,500 00	1,500 00
1840, Sept 2	State 5 per cent stock.....	800 00	720 00
1841, Apl. 16	State 5 per cent stock.....	286 62	266 50
" Mch 5	State 5 per cent stock.....	2,700 00	2,565 00
" Oct. 14	State 5 per cent stock.....	39,963 93	38,365 37
" " 14	State 5 per cent stock.....	37,250 00	35,387 50
1843, Jan.	State 5 per cent stock.....	10,000 00	9,200 00
" "	State 5 per cent stock.....	2,000 00	1,860 00
" "	State 5 per cent stock.....	1,340 71	1,250 21
" Feb.	State 5 per cent stock.....	123 70	113 32
" May	State 5 per cent stock.....	313 78	298 09
" July	State 5 per cent stock.....	3,395 56	3,295 69
		163,780 44	162,878 71
1839.			
May 8	State 3 per cent stock.....	3,200 00	1,984 00
May 18	State 3 per cent stock.....	5,741 41	3,559 67
Oct. 22	State 3 per cent stock.....	4,784 06	2,966 11
Nov. 11	State 3 per cent stock.....	3,320 48	2,058 69
1830, May 13	State 3 per cent stock.....	1,308 20	811 08
1831, Aug 29	State 3 per cent stock.....	600 00	372 00

## EXHIBIT L. Continued.

Date of purchase.	Description of Stock.	Par value.	Cost of stock.
1832, July 2	State 3 per cent stock.....	16 83	10 43
" Aug. 24	State 3 per cent stock.....	176 95	109 70
" Dec. 7	State 3 per cent stock.....	767 61	475 91
1833, Apl. 15	State 3 per cent stock.....	300 00	189 00
" May 15	State 3 per cent stock.....	725 40	449 74
" " 18	State 3 per cent stock.....	300 00	186 00
" July 15	State 3 per cent stock.....	2,473 78	533 53
" July 16	State 3 per cent stock.....	1,750 00	89 37
1834, Jan. 30	State 3 per cent stock.....	3,135 56	1,944 04
1835, Jan. 23	State 3 per cent stock.....	415 44	249 26
" " 23	State 3 per cent stock.....	87 15	50 00
" June 26	State 3 per cent stock.....	51 35	30 81
1837, Oct. 27	State 3 per cent stock.....	145 55	87 33
1838, May 29	State 3 per cent stock.....	5,254 46	3,257 76
" July 13	State 3 per cent stock.....	3,830 74	2,298 44
1839, May 20	State 3 per cent stock.....	4,480 42	2,688 25
" Nov. 26	State 3 per cent stock.....	910 36	546 00
1840, Moh. 2	State 3 per cent stock.....	5,526 89	3,316 13
" Dec. 4	State 3 per cent stock.....	361 48	227 73
1841, Oct. 13	State 3 per cent stock.....	538 11	330 93
" Nov. 8	State 3 per cent stock.....	2,792 93	1,731 61
1842, Oct. 26	State 3 per cent stock.....	667 60	407 28
		53,662 76	32,960 75
1836.	Lou. Cin. & Ch. R. R. & S. W. R. R.		
	Bank stock, 400 shares subscribed,	40,000 00	40,000 00
1841, May	40 shas. taken for debt, & payt. on it,	4,000 00	2,366 95
" "	219 " " " " " "	21,900 00	11,114 79
" "	40 shas. taken for U. S. Bank stock,	4,000 00	4,000 00
		69,000 00	57,481 74
1835.	Commercial Bank stock, received		
	from Assignees of Finn.....		336 25
1836.	Paid for six shares increased stock,		150 00
			486 25
1837.	Bank of United States stock, re-		
	ceived for debt 32 shares.....	3,200 00	3,904 00
	Received for debt 44 shares.....	4,400 00	5,280 00
			9,184 00
	Deduct recd. for 44 shas. R. R. Bank		4,000 00
			5,184 00

## EXHIBIT L. Concluded.

Date of purchase.	Description of Stock.	Par value.	Cost of Stock
1840, Aug. 12	Bonds Lou. C. & Char. R. R. Co. 13 of £500 each at, 444-----	28,888 88	27,444 44
		Val. without Premium.	Paid including Prem.
1842, Nov. 8	Sterling bonds payable in London, State & R. R. bonds.....£11,700	52,222 25	44,395 25
1843, Jan. 5	State & R. R. bonds.....1,250	5,555 56	4,714 39
			49,109 64
	Deduct not yet charged.....		852 27
		\$57,777 77	\$48,257 37

## EXHIBIT M.

*Statement of the debts due by the State of South Carolina, on 1st October, 1842.*

Description of Debt.	Amount.	Annual interest.
Three per cent stock.....	193,530 85	5,805 91
Five per cent stock of 1824.....	250,000 00	12,500 00
Five per cent stock of 1826.....	300,000 00	15,000 00
Six per cent Randolph, of 1826.....	10,000 00	600 00
Five per cent S. W. R. R. Bank, 1838.....	141,662 50	7,083 12½
Six per cent L. C. and C. Rail Road, 183.....	600,000 00	36,000 00
Fire loan of \$2,000,000, and the Surplus revenue, amounting to \$1,051,422 09. }		

*The Assets of the State on the 1st October, 1842, viz:*

Bank of the State for original capital.....	\$1,156,318 48
“ “ “ for the sinking fund.....	680,509 39
“ “ “ for five per cent stock of do.....	27,015 84
“ “ “ for balance of Surplus Revenue.....	200,000 00
“ “ “ for cash to Treasury.....	89,763 43
“ “ “ for Fire Loan.....	2,000,000 00
Bond of South Carolina Canal and Rail Road Co. for.....	100,000 00
Interest on same, at 5 per cent. from 1st April, 1832.	
8,000 shares in L. C. and C. Rail Road Company.....	600,000 00
Same shares in S. W. Rail Road Bank.....	200,000 00
L. C. and C. R. R. Co. for balance of advance on subscription..	258,786 54
Interest on same at 6 per cent. from 1st March, 1842.	
Miscellaneous, (Sheriffs, Tax Collectors, Hamburg, &c.).....	16,615 00

(1843.)

REPORT OF THE SPECIAL JOINT COMMITTEE

ON THE BRANCH OF THE BANK OF THE STATE OF SOUTH CAROLINA, AT COLUMBIA.

The Special Joint Committee appointed at the last session of the Legislature to examine into the condition of the Branch of the Bank of the State of South Carolina, at Columbia, beg leave to report:

That in pursuance of their appointment, they have performed the duty assigned to them, and commenced their examination, first, by an inquiry as to the number of the officers, their duties, and salaries. The business of the said Branch Bank is conducted by a President, Cashier, Discount Clerk, Teller, and Assistant Clerk, with salaries, in the whole, amounting to (\$7,500) seven thousand five hundred dollars. Your Committee was under the impression that by a different arrangement of the duties attached to each department and a new organization of the several offices, the whole routine of business could be as efficiently conducted, by lessening the number of officers to four, and thus effecting a reduction of (\$1,000) one thousand dollars in the amount paid for salaries. With this view they submitted the proposition to the President of the Branch, and invited from him an expression of opinion on the proposition presented by your Committee. The result satisfied them of their correctness on this point, and the concurrence of the President in their opinion, convinced them that the proposed reduction might be well made, without any prejudice to the interest of the institution. Your Committee, therefore, recommend that the President and Directors of the mother Bank be requested so to modify and arrange the duties of the several officers of this Branch, that the whole business may be conducted by four, with a reduction of (\$1,000) one thousand dollars in the sum total of salaries.

On the 1st October, 1843, which was the commencement of the present fiscal year, by the return of this Branch to the Parent Bank, it appears that the amount of notes discounted, as returned on 30th September, 1843, was.....

Amount of Bonds due Branch.....	\$828,350 37
“ “ Drafts.....	56,598 59
“ “ Drafts protested.....	18,370 00
“ “ Officers' Salaries.....	3,500 00
“ “ Incidental and contingent expenses.....	7,683 23
“ “ Cash on hand.....	1,767 21
	47,979 88

\$964,244 28

Of the Notes making the above amount, there was then }  
in suit..... } \$61,920 00 }  
The doubtful debts included in the said sum }  
were..... } \$ 3,860 00 }

The Incidental and Contingent account was increased the past year far beyond the ordinary expenditure, by reason of a considerable outlay both for repairing and improving the Banking house.

The liabilities of the Branch, on the same day, were as follows:

Due Parent Bank, (which is to be regarded as the capital of the Branch).....	\$814,315 21
Due Treasury.....	25,561 93

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Due for personal deposits.....	71,536 63
Interest on Notes discounted.....	45,817 36
Interest on Bonds.....	4,659 55
Interest on Bills discounted.....	2,353 60

\$964,244 28

Amount of Interest on Notes discounted.....	\$45,817 36
“    “    “    “ Bonds.....	4,659 55
“    “    “    “ Bills.....	2,353 60

\$52,830 51

Deduct Salaries.....\$7,683 23

Incidental and Conting't exp. 1,767 21                      9,450 44

Leaves.....\$43,380 07

Which may be regarded as the profits of this Branch for the past year.

Your Committee made a diligent and close examination of the state of the indebtedness of the Directors and Officers of this Branch, and find that they are indebted as drawers of Notes discounted to the amount of \$138,810, and as indorsers, \$110,448. Your Committee deem it proper to state that the notes making the said sums are abundantly secured, so far as they were able to ascertain from their personal knowledge of the parties, and the representations of the President in relation to them.

Your Committee made a full examination of the Bonds due the Branch, and, on this head, beg leave to report that they found some of them standing since the year 1833, and no payment made beyond the interest. Your Committee cannot forbear the expression of opinion, that too long indulgence has been extended on obligations of this nature. Besides the impolicy of drawing from circulation funds, which, by active discounts would yield increasing profits, they cannot conceive it consistent with the true wisdom of Banking principles to abstract from constant employment the effects of the institution, and reducing the debts due to a position in which they may be regarded as stationary. Nor should it be forgotten that the Bank was established for the general accommodation of the whole community, and the more rapid and active the employment of its means, the greater its facilities for extending aid and relief. Your Committee would, therefore, recommend that the Branch should be instructed to collect its old Bonds, and as the amount of the indebtedness of this character is not large, there is no apprehension that the required payment of it will cause even inconvenience to the said obligors.

Your Committee, from their examination, believe that all the debts due this Branch, (with the exception of those reported as doubtful,) are well secured; that it has been conducted with fidelity and integrity; and the high character of the gentlemen entrusted with its chief management, is the surest guarantee that the importance of the trust confided to them will be carefully watched and protected.

Your Committee, in closing their report, beg leave to state, that their examination was aided by the President of the Branch, who, at their invitation, gave his attendance, and responded to all their inquiries in a becoming spirit of candor. Every disposition to make a full disclosure of

the condition of the institution, was manifested with a courtesy that much facilitated their investigation.

All which is respectfully submitted.

FRANKLIN J. MOSES,  
*Chairman of Senate Committee.*

Concurred in.

EDWARD G. PALMER,  
*Chairman House Committee.*

Columbia, Dec. 1, 1843.

(1843.)

# REPORT OF THE SPECIAL JOINT COMMITTEE

ON THE CONDITION OF THE BRANCH OF THE BANK OF THE STATE, AT CAMDEN.

The Joint Committee of the Senate and House of Representatives to examine the affairs of the Branch of the Bank of the State at Camden, beg leave to report, That on the 20th of June last, all the members of the Committee met at Camden for the purpose of performing the duties assigned them. The Committee take pleasure in bearing testimony to the courtesy, promptitude and frankness with which they were assisted in the discharge of these duties by the President and other officers of that Branch of the Bank.

The result of the examination was a thorough conviction on the minds of your Committee of the perfect soundness of its affairs, and that it has been intelligently and faithfully conducted, both by its Officers and Directors. Every debt due to the Bank was rigidly scrutinized, and the bill, note or bond, by which it was evidenced, examined, and all were found to be in the proper and most approved form. The solvency of the debtors of the Bank was made a subject of close examination. The result was highly favorable to the character of this Branch of the Bank for vigilance and caution.

The following statement presents a general view of the debts due to the Bank on the 31st of May, 1843, which was twenty days previous to the examination :

Notes discounted.....	\$386,793 27
“ protested.....	9,321 62
“ in suit.....	13,751 00
“ in judgment.....	26,526 93

\$436,392 82

Amount secured by Bond..... 51,836 85

Making an aggregate of.....\$488,229 67

Exclusive of interest on suspended paper, notes in suit and in judgment, and on Bonds. Of this whole amount, there are but two small debts at all doubtful, (one of \$270 and another of \$410,) both, there is good reason to hope, will be ultimately collected.

The assets of the Bank, on the 31st May last, were as follows :



## 288      REPORTS OF INVESTIGATING COMMITTEES.

Amount Specie in the vault.....	\$ 1,184 12
“    Notes of other Banks including \$18,339 75 of the mother Bank.....	33,453 75
“    Notes of Virginia Banks.....	65 00
“    Notes of North Carolina Banks.....	16 00

\$34,718 87

This added to the above stated amount of judgments and bonds and notes receivable, makes an aggregate of available means (exclusive of interest due) to the amount of \$522,948 54.

The indebtedness of the Camden Branch of the Bank at the same date was as follows :

Amount due the Mother Bank for Capital furnished..	\$475,292 13
Amount due on account of individual deposits.....	35,769 33

\$511,061 46

The clear profits of this institution for the fiscal year preceding the examination, was \$23,505 84, being less than the profits of the preceding years ; but not less, it is believed, than the ratio of decline in the profits of banking capital, generally, in this State.

The following synopsis will give a view of the profits in the Branch Bank at Camden, and of the rate of decline for the four preceding years :

In 1841 the clear profits were.....	\$24,916 05
“ 1840    “    “    “ .....	24,458 80
“ 1839    “    “    “ .....	24,107 33
“ 1838    “    “    “ .....	27,214 16

Your Committee were pleased to note that the accommodations of the Bank were as generally diffused as was perhaps practicable among the citizens of the surrounding country. There were but few large debts due to the Bank. The great mass of its securities was for small amounts ; thus multiplying the number of the individuals who had participated in its benefits and favors. The system of doing business that prevails, is by bills and negotiable notes on short time, and drawn according to commercial forms and usages. There are now but seven debts that are secured by bond, and the Committee were informed that no bond has been taken for money loaned by the Bank, since September, 1840.

Suppressing the names of the obligors, the following statement will exhibit the debts due by bond :

1. A Bond originally for \$5,000, executed the 15th April, 1835:  
balance now due..... \$335 20
2. A Bond of the same obligor, and of the same date : balance  
due 10th February, 1840.....3,578 37
3. A Bond executed the 28th July, 1834, on which the balance,  
due 30th Sept, 1842, is.....10,939 20
4. A Bond executed 30th September, 1836, on which the balance,  
due 30th September, 1842, was..... 5,109 42
5. A Bond executed the 27th June, 1839, on which the balance,  
due on the 30th Sept. 1842, was..... 4,088 13
6. A Bond executed 30th March, 1840, on which the balance,  
due on the 30th Sept. 1842, was.....11,976 53
7. A Bond executed the 30th Sept. 1840, on which the amount  
due on the 30th Sept. 1841, was.....15,810 00

The debts thus secured by Bonds are believed to be safe, and make an aggregate (exclusive of interest) of.....\$51,836 85

Some of these Bonds, particularly those of an older date, have been reduced by payments. But your Committee are of the opinion, that on the most of these debts the indulgence has been sufficiently extended, and that payment ought to be required by the Bank as early as is practicable, without creating unnecessary distress.

All of which is respectfully submitted.

J. P. DICKINSON, *Chairman House Committee.*

(1845.)

## REPORT OF THE INVESTIGATING COMMITTEE APPOINTED IN 1844.

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The Committee charged with the investigation of the condition of the Bank of the State at Charleston, beg to submit the following statement: A quorum of the joint Committee not having met at the expected time, in strictness, perhaps, this may not be considered regularly a report. But a short time before the session of the Legislature, such members of the Committee from both Houses, as happened to be in the city of Charleston, felt it their duty to make such examination as the smallness of their numbers and the shortness of time would permit. In consequence the members present directed their attention more particularly to the movements of the Bank, since the investigation of the last Committee, and the verification of such items of the debits and credits as most particularly call for inspection, believing that the general policy and history of the institution have been amply developed in the various reports of previous Committees.

The general condition of the Bank on the 17th November last, is shewn in exhibit A: which varies of course from the annual statement presented by the officers of the Bank, as it is of a different date. To some of the particulars of this account the attention of the Legislature is now requested.

### BANK NOTES ISSUED.

The exact amount of outstanding issues which the Bank will ever be called upon to discharge, it is of course impossible to ascertain with any degree of accuracy. Large amounts must have in various modes been destroyed, and in fact the loss of circulation is one of the most important sources of profit to the Banks of issue.

In connection with this branch of the subject, your Committee beg to suggest the propriety of some change in the mode of keeping the blanks, and the accounts of issues. At present all the books and vouchers of this important item are under the control and kept by the officers of the Bank. Your Committee would recommend the adoption of some check, *external of the Bank*, by which its own account could be tested. By making it the duty of the Comptroller General to retain the plates and deliver the blanks when demanded to the order of the Cashier, the account could easily be verified, and the operations of the Bank would be not at all incommoded.

## DISCOUNT ACCOUNT, &amp;c.

The amount shewn under this head is necessarily very small, as it exhibits the operations only between the 1st of October, (when the accounts were struck, and a large amount carried to the sinking fund,) and the 15th of November.

## SINKING FUND.

The amount of the Sinking Fund is larger than that set forth in the annual Cashier's return, for the same reason, that the account last named is smaller. As the exhibit is of a later date, it represents the transfer as already made, and swells the total of this item.

## INDIVIDUAL DEPOSITS.

The amount of individual deposits, including all monies on deposit, other than those of the Treasury, is taken from the books of the Bank, and admits of no other practical test.

## BILLS AND NOTES DISCOUNTED.

The Committee required the production of all the bills and notes set down among the assets of the Bank, and proceeded to verify them, as far as their time permitted. As far as the Committee, either of their own knowledge, or from the information of others, could be informed of the condition of the parties, this portion of the debt of the Bank seemed to be well secured. As a matter of course, among bills to so large an amount, from so many persons scattered over a large space of country, there were some of which full information could not be obtained, but of the general character of the debt, they are prepared to report favorably. It was satisfactory to find that much of this portion of the loan has been and habitually is in small sums, upon business paper, promptly paid, and much to the accommodation of borrowers of limited means.

Of the amount stated under this head the sum of fifty thousand five hundred and fifty eight dollars and seventy-three cents, (\$50,558 73) is upon stock notes. A list of these debts and of the stocks pledged as their security is annexed in exhibit B.

## BILLS AND NOTES IN SUIT.

At the time of the examination the amount of this item was ninety-four thousand eight hundred and five dollars thirty-eight cents, (\$94,805 38.) Doubtless a large portion of this debt will ultimately be realized, and in the management of some of the cases, credit is due to the officers of the Bank, for their diligence in securing in various shapes the Bank from loss. But your Committee regret that the information upon this point does not possess the accuracy so large a sum necessarily demands. They beg to urge the necessity of compelling from the agents of the Bank, a periodical report upon all cases in their hands, so that information on this point may always be readily had. To effect this a system different from any hitherto employed must be adopted. To group together the cases now scattered over every docket in the State, to collect at one or at most three points, the information now to be sought in each and every district, to retain the causes

of action so as to be producible at the exact time and place they may be wanted, without interfering with the promptness of suit, at any other place, are among the effects to be desired. For this purpose it will be sufficient to obtain an agreement on the part of the borrowers to acknowledge service of process in those districts where the Bank and its branches are located, should it become necessary to put their accounts in suit. Nor will this, in general, operate as a hardship to the borrowers, but on the contrary will go far to obviate an indisposition on the part of the direction, to put out funds at points distant from their offices, and prevent distinctions which are odious, although necessary in practice. With these recommendations, leave is requested to report a Bill to carry into effect the views above expressed.

They would further recommend that all such debts as are ascertained to be bad, should at once be carried to the profit and loss account, so that claims which no longer possess value, may not appear as among the available assets of the institution.

### BONDS SECURED BY MORTGAGE.

The amount due upon securities of this class, as appears from exhibit, was four hundred and sixty-six thousand six hundred and forty-nine dollars, sixty-five cents, (\$466,649 65;) but of this, thirty-five thousand seven hundred and twenty dollars eighty-three cents, (\$35,720 83), has been paid at one of the branches, but was not credited as yet on the original bonds, in possession of the mother Bank at Charleston.

The Bonds were produced for the inspection of the Committee, and on comparison with the list furnished by the Bank, were found correct. Some of them being in suit at the time, were verified by the receipt of the agent of the Bank, in whose charge they had been given for that purpose.

As so few original transactions have taken place under this head since the last investigation, the Committee have not much to remark. Within the last four years, but very few loans have been made on such securities. Within that time, many Bonds and Mortgages, it is true, have been received by the Bank, but they were taken in security, payment or adjustment of claims which had arisen in other ways, and consequently cannot be considered as primary loans. Attention has been directed to the steady withdrawal of such portions of the debt as have been long outstanding, and the preservation of this account in such amounts as will meet the interests of the State, and enable the Bank to meet any unforeseen emergency.

### SPECIE.

The Committee found upon examining this item, in the hands of the Cashier, as appeared by weight and counting :

Gold Coin and Bullion.....	\$241,084	
Silver.....	26,322	
Copper Coins.....	1,250	268,606
In the hands of the Tellers, Coin and Bullion....		14,299
		<hr/>
		\$282,905

Of the above the Gold Bullion in Cash'r's hands was	55,882	
In Tellers.....	13,080	68,962

Since the Act of Assembly of 1843, establishing the office of Assayer, Bullion has found its way in large sums to Charleston, as a means of remit-

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tance from the Gold Districts, of this and the adjoining States, and is taken by the Bank, at such rates as will pay the expenses of transportation, coinage, &c.

### BANK NOTES ON HAND.

On the day of examination, the Bank notes on hand, in possession of the Cashier, was.....	149,733 56
Cut Bills, paid as per report of 1842.....	1,943 50
Paid under Act of Assembly, and by order of Board.....	285 00

	\$151,962 06
In hands of Tellers.....	74,280 00

\$226,242 06

The amounts set forth under this and the preceding head, vary slightly from the same items in the exhibit. This occurred in consequence of the examination of the cash having occurred on the 25th of November, instead of the 17th, (the date of the exhibit) and in the meanwhile a change in this item must necessarily have taken place. The count was checked upon the Bank balance of that day, which was five hundred and nine thousand one hundred and forty-seven dollars six cents, (509,147 06.)

Coin and Bullion,.....282,905 00

Bank Notes.....226,242 06 509,147 06

### HAMBURG AND GEORGETOWN AGENCIES.

The sum of two thousand and six hundred dollars ninety-two cents, remains as the balance of debts often before reported. The amounts were, originally, much larger, and have been reduced by late collections to the amount here stated.

### REAL ESTATE.

A purchase of Real Estate, to the amount of seven thousand five hundred dollars, has been made by the Bank since the last investigation. The lot in question had been leased by a debtor of the Bank, and extensive and valuable improvements put upon it. Adjoining the premises was the property under mortgage to the Bank, and which it was finally compelled to take in adjustment of the claim. For the full control and proper use of this property, the possession of the lot recently purchased, was absolutely requisite, to prevent great fall in the value of that already owned. The Bank purchased the additional land and buildings for the sum above named, and has now closed a treaty for a re-sale of the whole property.

### STOCKS.

A statement of the stocks held by the Bank, will appear in exhibit C, hereto annexed. Upon the books of the Bank, these stocks stand in the sum of four hundred and forty-nine thousand one hundred and four dollars forty-four cents, (449,104 44.) They were vouched for by the production of the certificate of stock, scrip or bonds, except in the case of Sterling Bonds, in the hands of Messrs. Hambro & Sons, whose letter of acknowledgment was submitted to the Committee. Of these assets, sixteen shares in the Commercial Bank of Columbia, and three hundred and thirty-nine in the Rail Road, were taken from assigned estates, or in payment of debts

deemed doubtful or difficult to recover in any other way, and forty of the last named were taken in exchange for the United States Bank stock, of which the Bank was at one time the holder.

As to the sums invested in this class of securities, your Committee would suggest the impolicy and impropriety of a banking institution locking up for any length of time so large a portion of its funds in the capital of other institutions. It is making the prosperity of the Bank depend upon the degree of integrity, skill or good fortune, with which may be conducted the affairs of other bodies over which the Legislature has no right of control or even examination. It is virtually making other persons than those elected by the Legislature, the directors of the Bank and administrators of the funds of the State. The State is placed in the position of a private stockholder, without the advantages of examining the condition of the corporations with which its interests are involved, and without a voice in the selection of its agents, except at second hand, through middle men, not appointed with a view to this trust, in opposition to the whole spirit and design of our institutions. A conversion of much of this stock into a more active capital, would enable the Bank to grant facilities and extend accommodations, which, of late, it has been compelled to curtail, in consequence of the necessity it was under of making provision to meet the payment of the public debt. It is taken for granted that such investments do not furnish legitimate capital upon which to base banking operations, and if it be the policy of the State to preserve its sinking fund, its accumulations and resources, its provision for debt and surplus revenue, in this form, it is evident the whole arrangement might easily be effected, through its Comptroller or Treasurer, or other officers, without interposing the complicated and expensive machinery of a Bank, to produce so simple a result. The subject is recommended to the attention of the Legislature.

Under this caption there are two items, to which, as they have accrued since the last investigation, and are among the most important movements since that time, the special attention of the Legislature is directed. They are classed among the shares of the South Carolina Rail Road Stock and Bonds of the Georgia Rail Road and Banking Company. To each of these subjects, a separate section is given.

### SOUTH CAROLINA RAIL ROAD STOCK.

The Committee report that in the course of the early part of last summer, shares in the above company, to the number of eight hundred and sixty-four, were purchased and are still held by the Bank. As a general rule, your committee apprehend a purchase of this description, to so large an amount, or for the purpose of speculation, would be an act of alarming tendency, if suffered to pass unnoticed. It is admitted that the system of attempting to increase the profits of the Bank, by stock-jobbing, would not meet the approval of the Legislature. It would be fraught with so many evils, would give temptation and opportunity for so much partiality, oppression and fraud, as would be revolting to the moral sense of our community. To sanction such a proceeding, therefore, it is requisite that such a case be made out, as will exempt this particular instance from the censure incident to others of its class.

To explain the reasons assigned for this movement, your Committee beg to refer to the fourth clause of the A. A. of 1843, page 260, entitled "An Act to provide for the payment of a portion of the Public Debt," by which

it is made the duty of the President and Directors of the Bank to provide for the payment of the debt of 1826, amounting to three hundred thousand dollars. A portion of this debt had been paid in the year 1844, leaving a balance to be redeemed in January, 1846, of two hundred and twenty-five thousand six hundred and seventy-seven dollars thirty-one cents, (225,677-31.) In making provision to meet this amount when demanded, it became necessary to adopt one of several alternatives. Either to hoard the amount in specie or its equivalents, to discount paper which could, with certainty, be called in at the time specified, or to invest in stocks readily convertible.

To the first was objected, the heavy loss to which the Bank would be subjected by the non-accrual of interest upon its withdrawn capital. The second has, in practice, been found a resource upon which reliance to the full amount can never be placed, and, besides, the Bank was realizing its resources at a season of the year when the business of the country does not require so large an amount of capital as at other periods, and the loans, if made at that time, would become payable at a time when active capital is in most demand. The Bank had exhausted the foreign and home market of all our own State stocks and bonds, that could advantageously be purchased, and under these circumstances, the board decided to invest their spare funds in the mode now under review, as the method most eligible for reaping a profit and preserving a rapid convertibility. The operation, in a pecuniary point of view, promises to be highly profitable to the State, as it will have secured, within seven months, two dividends upon the shares, and the prices paid for them being much below their present market value, a large gain, it is expected, will be made in their sale. The Committee submit the matter to the action of the Legislature.

### GEORGIA RAIL ROAD AND BANKING COMPANY.

The next item in the Stock list, is in the shape of Bonds of this Company, being a loan to them in the sum there set down. It might have been treated of under the head of Loans to Corporations; but as it is in the form of disposable Bonds, and so appears among the Bank assets, it will be here treated of.

At the first glance, the amount and manner of the loan, seemed to your Committee to require full investigation. A loan of one hundred thousand dollars to a foreign corporation, was of course calculated to excite remark; close attention was consequently given to the subject, and ample explanations were required of all the circumstances connected with the transaction.

The money was advanced for the purpose of securing a direct communication between the Rail Roads of this State and the Tennessee River. The applicants for the loan were in possession of a charter for the construction of a Rail Road from Augusta to Atlanta, (near Covington) in DeKalb County, in the State of Georgia. The Central and Monroe Rail Roads had also in contemplation the extension of their Roads to Atlanta, and it became a matter of great competition as to which of these rival Companies should first reach the point of their common destination.

In addition to the valuable trade of this fertile portion of the South, which could be secured to the successful party, a still greater inducement for exertion existed. The State of Georgia had commenced the construction of a Rail Road from Atlanta, direct to the Tennessee River. Whoever, then, could first occupy the ground, and form a connexion with the last named

work, would be most likely to give direction to the trade, which would, of necessity, spring up between the Atlantic coast and the great valley of the West. At this period, although the Georgia Rail Road was under contract as far as Covington, (about one hundred and thirty miles from Augusta,) still the enterprize languished, and appeared likely to fail, from the want of funds to complete the road to Covington, and extend it to Atlanta. Meanwhile, the other road was to be carried around the end of the Georgia Rail Road, and to tap the State Road at Atlanta, thereby securing a direct connexion between the Tennessee River and the city of Savannah, and diverting to that channel the whole rich stream of South-western and Western commerce. Under these circumstances, an appeal was made to the Banks of the city of Charleston, to give their aid in the shape of a loan, to finish the connecting link between the Georgia Rail Road and the Western and Atlantic Rail Road. Impressed with the importance and the opportunity of securing advantages, by which to revive the fortunes of the metropolis of our State, to increase the prosperity and stimulate the energies of our people in almost all departments of business, as well as to increase the transportation upon our own Rail Roads, in which the State is so largely interested, the Directors, after careful deliberation, agreed to become parties to an arrangement by which several of the City Banks undertook to supply a loan of three hundred and fifty thousand dollars, (\$350,000,) being the sum required for a completion of the undertaking.

The timely advance of this amount has effected the object in view. The Roads, in whose success this State is interested, have been connected, and when the Western and Atlantic Rail Road shall be completed, (fifty-two miles of which are now open and in operation,) the line of Rail Road, commencing at Charleston, will have been pushed four hundred and fifty miles, to one of the great natural highways of the mighty West, to procure for us the benefit of its exchanges and other advantages, for which the State was willing to subscribe its millions as the purchase money. From the conditions of the contract and the guaranties offered, it appeared to the Bank, that these advantages could be gained without the expenditure of one single dollar on the part of the State, and simply by the advance of funds, the repayment of which was amply secured, and for the use of which the usual interest would be given. The share taken by the Bank of the State, was one hundred thousand dollars, (the balance being taken by some of the other Banks,) upon the securities now to be mentioned.

The loan was granted upon bonds of the Georgia R. R. & Banking Co. payable in five equal annual instalments, in 5, 6, 7, 8 and 9 years, respectively, with interest at the rate of 6 per cent. per annum, payable quarterly in Charleston. To secure the payment of the Bonds, a deed of trust was executed to H. W. Connor, F. H. Elmore and James Gadsden, officially, providing the following securities.

1st. A mortgage of the income of the Road, from Augusta to Athens and Madison, and of such extensions as the company should make to both Roads, and of the buildings, cars, negroes, &c. connected with the Road, with power, in case of failure of payment, to enter on the premises and to receive and apply the income to the satisfaction of the Bonds, as they become due, without application to any Court or Judicial process, to give possession, with a further power to sell the property mortgaged, under certain conditions.

2nd. A deposit of Bills of the Banking Co., to the amount of the loan to be made, at the Bank in Charleston, under special deposit and under the



seal of the Trustees, and to remain as collateral security, for the payment of the Bonds. The additional guaranty offered by this part of the arrangement arises from the fact, that under the Charter of the Road and Banking Co., the Stockholders are directly liable for the issues of the Bank.

3rd. The South Carolina Rail Road guarantees the payment of the debt in case of a failure so to do on the part of the Georgia Company, and of the securities proving insufficient.

The Bank is thus in possession of a lien of the income of the Road, the individual responsibility of the Stockholders, and the guaranty of our own Rail Road. These would appear ample to secure a loan of much larger amount than the sum for which they are offered, (\$350,000,) although it must be remarked as to the first item, that it is in fact a guaranty by the State, (to the extent of its interest in the Road,) not only to the Bank of the State, but also to the other Companies concerned in the loan. The Deed further provides for the substitution of other Trustees, in case of the death or resignation of those named.

In coming to a conclusion on this subject, the Board appear to have acted with care and mature reflection. As to their power and the legality of the operation, they were fortified with the opinion of the Attorney General, a copy of which is herewith annexed.

The times of payment of the Bonds are as follows :

\$20,000 on January 8th, 1849.

" " " 1850.

" " " 1851.

" " " 1852.

" " " 1853.

And it is supposed they will furnish investments to pay off in part, the State Stocks, \$200,000 of which fall due in 1850, and \$200,000 in 1852 ; being the 6 per cents. issued in 1839, for the Rail Road subscription.

### FIRE LOAN.

Previous Reports have given such full statements of the negotiation and disposition of this Loan, that it would be useless to go over the same ground. The guaranty of the City of Charleston, in addition to other requisites of the Fire Loan Acts, is ample security for this class of debt.— From the high price of labor and materials, immediately after the great fire of 1838, and the subsequent depreciation of Real Estate, many of the borrowers have suffered severely, and the Bank has been compelled to foreclose the mortgages. In such cases, provision has been made by the City to meet the regulations of the Act. It is hoped that the pressure upon the debtors, under this Act, has much decreased, and that the remaining instalments will be paid in due course, and without the compulsion of forced sales.

The charge of interest, in the item of Interest and Expense State Loan, arises from the fact of advances having been made by the Bank, for the purposes of the Act, before the negotiation of our State Stock, and interest has been charged up to the time that the Bank was re-imbursed. As the interest received on these cases, however, is somewhat higher than that paid, and the excess is applied to the charge, it will gradually disappear.

NESBIT MANUFACTURING COMPANY.

The attention of the Committee was directed to the state of the debt due by this Company, in relation to which certain Resolutions were passed at the last Session of the Legislature, and which will be found at p. 173 and 4 of the printed proceedings. In the course of last summer, a negotiation was entered into with some parties, but it came to no useful result.

In order to carry out the intention of the Legislature, it became requisite for the Bank, at a judicial sale, to become the purchaser of the property of the Company, the Iron Works and appurtenances necessary to carry on the business; on the 10th and 11th of September last, in pursuance of a decree in Equity, the property of the Company was offered for sale and was bought in by the Bank for the sum of.....\$124,890  
The land, with the right of the Company under their charter, and the wagons, carts, horses, mules and stock sold at the price of.....\$50,600  
Negroes.....74,290

\$124,890

Negroes to the value of \$3,615, were also bought by other purchasers.

As soon as the sale had taken place, the President (who at the time was on the spot,) wrote to the Board enclosing a particular advertisement of the property, and recommending its immediate publication for a re-sale under the 2d Resolution above alluded to. The Board, however, upon deliberation, decided to wait for the regular confirmation of the sale in Equity, which will be had at the January Term of that Court for Charleston. So soon as this shall be obtained, the Bank will be prepared to meet the recommendations contained in the 2d Resolution.

In pursuance of their duty, the Committee beg to submit the foregoing to the consideration of the Legislature. They take this opportunity to return their thanks to the Officers of the Bank, for the courteous and prompt attention to all matters requested by the Committee.

PETER DELLA TORRE, *Chair'n House Committee.*

B. DETREVILLE, *Chair'n Committee of Senate.*

## EXHIBIT A.

*Statement of the Bank of the State of South Carolina at Charleston, November 17th, 1845.*

<i>DR.</i>		
Capital.....		1,123,357 73
Bank Notes issued.....	1,242,060 00	
"    "    in change.....	78,066 00	
"    "    at Columbia.....	30,200 00	1,350,826 00
Discount Account.....	6,157 73	
Interest " on Notes.....	1,727 51	
"    "    on Bonds.....	569 45	
"    "    on Fire Loan.....	6,405 85	
Protest.....	14 00	14,874 54
State Treasury.....	65,733 09	
"    for Sinking Fund.....	675,177 62	
"    Loan for rebuilding city.....	1,810,253 37	2,551,164 08
Merchants' Bank, N. Y.....	5,561 38	
C. J. Hambro & Son,.....	5,899 45	11,460 83
Deposits.....		442,041 96
		<b>\$5,493,725 14</b>
<i>CR.</i>		
Bills and Notes discounted.....	1,293,500 39	
"    "    in suit.....	94,805 38	1,388,305 77
Bonds secured by Mortgage.....	466,649 65	
"    Fire Loan.....	931,925 62	1,398,575 27
Specie, Cashier.....	267,440 11	
Bank Notes, Cashier.....	81,622 00	
"    and Specie, Tellers.....	158,850 67	507,912 78
Columbia Branch.....	1,044,141 74	
Camden ".....	484,718 61	1,528,860 35
Hamburg Agency.....	1,276 25	
Georgetown ".....	1,324 67	2,600 92
Bank of Charleston Stock.....	147,900 00	
State 3 per cent.....	630 00	
"    5    ".....	1,006 38	
Commercial Bank.....	486 25	
South Western R. R.....	30,298 27	
"    6 per cent.....	2,500 00	
South Carolina Rail Road Company.....	101,481 48	
"    Bonds.....	27,444 44	
"    Sterling.....	37,357 63	
Georgia R. R. and Banking Co.....	100,000 00	449,104 44
Bank Estate.....	66,608 08	
Real ".....	48,462 19	115,070 27
Judgments.....		19,525 00
Interest and Expenses State Loan.....		43,898 36
Baring, Brothers & Co.....		4,130 55
Foreign Exchange Account.....		28,027 31
Domestic "    ".....		4,958 62
Contingent Expense ".....		2,755 50
		<b>\$5,493,725 14</b>

EXHIBIT B.

3000 00	{	60 shares in the Planters' and Mechanics' Bank; 32 shares in the Union Bank, and 3 shares in the Bank of Charleston.
1400 00		35 new shares in the Bank of Charleston.
2348 29	{	43 shares in the Bank of Charleston, and
400 00		52 shares in the Bank of South Carolina.
800 00		20 shares in the Charleston Insurance and Trust Company.
800 00		20 shares, (new stock) Bank of Charleston.
800 00		16 " " "
650 00		25 " " "
2500 00		51 shares Charleston Insurance and Trust Company.
4400 00	{	59 shares South-western R. R. Bank, with corresponding shares in Road, and an indorser.
1700 00		50 shares Charleston Insurance and Trust Company.
3500 00		46½ shares in Georgia Rail Road and Banking Company.
3000 00		116 shares in the Bank of Camden.
4000 00		100 shares in the S. W. Rail Road Bank and Road.
2800 00		40 " " " "
1680 00		24 " " " "
3000 00	{	20 " " " "
1090 00		and 50 shares Charleston Insurance and Trust Company.
400 00		26 shares in the Bank of Camden.
470 00		\$408 67 City 6 per cent stock.
2250 00	{	10 shares Charleston Insurance and Trust Company.
400 00		22 shares in Union Bank, 16 shares in the Bank of South Carolina, and 5 shares State Bank.
500 00		5 shares in the Bank of Charleston.
2970 44	{	20 shares in the Planters' and Mechanics' Bank.
300 00		25 shares in the Bank of Charleston, and 20 shares in the Charleston Insurance and Trust Company.
2500 00		7 shares in the State Bank.
3700 00	{	55 shares in the Charleston Insurance and Trust Company.
		40 shares (new stock) of the Bank of Charleston; 43 shares Commercial Bank of Columbia, and 30 shares in the South Carolina Manufacturing Company.

EXHIBIT C:  
SCHEDULE OF STOCKS.

Bank of Charleston, old shares	986	\$98,600	
" " new "	986	49,300	147,900 00
State 3 per cents. certificate Oct. 1st 1845, for \$1,000			630 00
" 5 per cents			1,006 38
Commercial Bank Columbia, 16 shares			486 25
South-western Rail Road, original 400 shares,			
" " taken in liquidation 339 "			
" " exchange 40 "			
purchased 864 "			
1643			30,298 26
" Certificate deposit 6 per ct. } Jan. 1st, 1841. }			2,500 00
South Carolina Rail Road			101,481 48
South Carolina Rail Road Co's. bonds, } 13 bonds £500 each, £6,500 } par value, 28,888, bought at 95. }			27,444 44
Sterling bonds in hands of Hambro & Son, London			37,357 63
Georgia Rail Road and Banking Co's. bonds,			
7 of 5000		35,000	
35 of 1000		35,000	
60 of 500		30,000	100,000 00
			\$449,104 44

EXHIBIT D.

HON. F. H. ELMORE:

*Dear Sir*—I have very carefully considered the question which you have referred to me, to wit: whether the Bank can lawfully make a loan to, or purchase the bonds of, a corporation of a sister State; and I had intended in my answer to it, to have stated the reasons for my opinion, at more length than I shall be able to do this morning. I understand that my views upon the subject are wanted for the meeting of your board to-day, and in order that I may meet the requisition, it is necessary that I should content myself with stating briefly, the conclusions at which I have arrived.

It is a general rule, that corporations have power to make all such contracts as are necessary and usual in the course of business, as means to enable them to attain the objects for which they were created; and the grant of these, and other general corporate powers, contained in the charter of the Bank of the State, is expressed in the most large and ample terms. See Act of 1812, section 1, clause 16. To make *loans* is one of the chief objects of every incorporation of a Bank, and the preamble of the Act of 1812 expressly declares it to be one of the objects of incorporating the Bank of the State, "to make loans for longer periods than has heretofore been customary, and on security different from what has hitherto been required." It is plain, therefore, that every question as to the powers of the Bank to make a loan, must be answered in the affirmative, unless some reason to the contrary can be collected from the charter, either in its express provisions, or by necessary implication from them; and I am not aware of any in reference to the questions now submitted to me.

It may be inferred that the benefit of the loans to be made by the Bank, was intended to be secured, in the first place at least, to the citizens of this State. But this is an inference from what may be supposed to be the intention of the Legislature, rather than from any thing contained in the charter. The latter part of the 4th clause, 1st section, does, it is true, restrict loans, to be made on the security of a mortgage of property only, to citizens of this State, but this manifestly has reference to the nature of the security, and to a particular species of loans which may be insisted on as a right; for in the immediately preceding part of the same clause, authorizing the discount of bills of exchange and promissory notes, there is no such limitation or restriction, except, indeed, as to bills of exchange, which are required to be accepted and made payable in this State. This latter restriction at one time applied to all the Banks, and the object, I suppose, was to prevent Banks dealing in exchanges, and to confine them strictly to the defined rates of legal interest on their loans and discounts. The restriction has, I believe, been since removed in the case of every one of the Banks, all of whom, I am under the impression, may now deal in exchanges. It seems to me to have been removed in the case of the Bank of the State, by necessary implication from the Act of 1817, the first section of which, amongst other things, authorizes the Bank "to open an account, and give credit to any other Bank or Banks in any of the sister States." But independently of this, the 12th section of the Act of 1831 authorizes (see also A. A. 1840, Bank comp. page 52) the Bank to appoint an agent in New York, for the express purpose of dealing in exchanges.

These Acts too, show very clearly, as it seems to me, that it was never the intention of the Legislature to limit the powers of the Bank, in "making loans," to making such loans to citizens of the State, except in the case of loans on a mortgage of property, under the 4th clause, 1st section of the original charter. There are several other Acts from which the same inference might be drawn. As for instance, the 10th section Act of 1831, which authorizes the Bank to buy stock, and in doing so, uses the phrase, "any other stock," without any limitation or restriction.

Upon the whole, I have no doubt but that the Bank may lawfully make a loan to a corporation of a sister State, or purchase the bonds of such institution, if the measure should be deemed advisable. Of course it be-

hooves the Board to look well to the security, and also to take care not to disable itself in its means of granting necessary accommodations to our own citizens; but I regard the question as one of discretion, rather than authority, and that the contract is legally valid and binding. The form of the security appears to me immaterial, so far as regards the question of power to make the loan.

Very respectfully, &c.

(Signed)

H. BAILEY.

June 25, 1843.

(1845.)

### REPORT OF THE SPECIAL JOINT COMMITTEE,

APPOINTED IN DECEMBER, 1844, TO EXAMINE THE BRANCH OF THE BANK OF THE STATE OF SOUTH CAROLINA, AT COLUMBIA.

The Special Joint Committee, appointed in December, 1844, to examine the Branch of the Bank of the State of South Carolina, at Columbia, beg leave respectfully to submit the following

#### REPORT:

That they proceeded to discharge the duties assigned them, on the 10th day of July last, and facilitated with the information afforded by the presiding officer, were enabled to inform themselves fully and satisfactorily, not only in reference to its condition at the time of the examination, but also in relation to their banking operations for the last fiscal year; and more especially the mode and manner in which their finances have been conducted heretofore.

As the fiscal year with the Bank of the State and its Branches terminates on the first of October, it would certainly be more practicable for subsequent Committees to commence their labors at that time, but the particulars in which we may vary, will be readily perceived by reference to the different statements submitted. The statement marked Exhibit A, was presented by the officers of the Bank, shewing its condition at the time of the investigation, and exhibiting its banking operations from the 1st of October, 1844, to the 10th of July, 1845, showing, by the addition of the several items marked \* a profit of \$44,067 61, for a period of little more than nine months, or *pro rata* about \$57,000 per annum. As the returns of Banks are generally so complex as not to be easily understood, except by those who are in every respect familiar with commercial and banking operations, we have submitted a different mode of representing the condition of the Bank, which will appear by reference to Exhibits B. and C. in which we have charged the Bank with all its liabilities, and given credit for all its assets; thus approximating as near the profits of the institution, as we can possibly arrive; not deducting from the same, however, any debt which may be considered lost or doubtful.

# EXHIBIT A.

Showing the Condition of the Branch Bank, July 10, 1845.

<i>CR.</i>		<i>DR.</i>	
By Notes discounted.....	884,087 09	Amount due parent Bank.....	948,496 55
By Bonds on hand.....	49,525 56	"    " in New York.....	16,673 26
By Drafts Discounted.....	49,425 00	"    Individual Deposits.....	104,700 22
By Salaries Paid.....	5,699 86	"    Discount Account.....	37,673 03
By Repairs to Bank.....	188 97	"    Interest on Bonds.....	664 43
By Expense Account.....	337 91	"    Interest on Drafts.....	5,692 08
By Advanced to Treasury.....	21,511 56	"    Premium on Exchange.....	73 07
By Cash on hand.....	103,161 68		
	<u>\$1,113,937 64</u>		<u>\$1,113,937 64</u>

# [EXHIBIT B.]

<i>CR.</i>		<i>DR.</i>	
By Notes Discounted.....	884,087 09	Amount due Parent Bank.....	948,496 55
By Bonds in Bank.....	49,525 56	"    " in New York.....	16,673 26
By Drafts in transit.....	49,425 00	"    on Deposit.....	104,700 22
By advanced to Treasury.....	21,511 45		
By Cash on Hand.....	103,161 68		<u>\$1,069,870 03</u>
	<u>\$1,107,710 88</u>		
Liabilities.....	1,069,870 03	Salaries paid to date.....	5,699 88
		Repairs to Bank.....	188 97
		Incidental Expenses.....	337 91
Profits.....	<u>\$37,840 86</u>		<u>\$6,226 76</u>



## [EXHIBIT C.]

*Made from the Report of the President submitted in December, 1845.*

<i>CR.</i>		<i>DR.</i>	
By Notes Discounted, (including suspended debt).....	949,909 72	Amount due Parent Bank.....	957,145 74
By Bonds in Bank.....	47,350 33	“ “ in New York.....	14,166 32
By Drafts <i>in transitu</i> .....	61,622 50	“ Due Treasury.....	28,786 51
By Cash on hand.....	78,634 85	“ Individual Deposits.....	88,569 25
	\$1,137,517 40	“ Annual Expenses.....	\$1,088,667 82
	1,088,667 82		8,682 97
		*\$48,849 58, Profits.	

\* NOTE.—It will be perceived from the above table, that the nett profits of the Bank at \$48,849 58, afford 54 per cent. on the original capital, or 5 per cent. on the “amount due the Parent Bank,” which, though not equal to the dividends of many Banks in the State, may be considered a good business; for it should be remembered, that the Branch Banks of the State do not issue bills to the amount of three times their capital, as many suppose. Whenever the annual expenses of this Bank exceed \$8,500, a nett profit of 5 per cent. may be considered a creditable business.

It may be thought that your Committee, in exercising the authority with which they were invested by the Legislature, should have confined themselves exclusively to the operations of the Bank for the last twelve months; but entertaining the opinion that in a faithful discharge of that duty we should assume the privilege of investigating each and every circumstance connected with the Bank, we have entered more into detail, with a view of affording all the information we can, to those who have entertained doubts, in regard to the financial operations of this institution.

With the exhibits before us, we proceed to remark upon the different items composing the assets and liabilities of the Bank.

1st. "The amount due the parent Bank," is the general balance of the account current due the Bank in Charleston, (including the original capital of \$350,000) and which has been increased and diminished, at different times, by various operations, since the establishment of this Branch in 1814, showing an indebtedness on the 10th July, 1845, of \$948,496 55.

2nd, "The amount due New York," is the balance of our Exchange Account, due the parent Bank, for Northern exchange sold in Columbia, and which is paid by the Bank in Charleston, and charged in their Account Current against the Branch Bank in Columbia. The facilities thus afforded in selling exchange on New York, without being required, like other Banks, to draw against a fund on deposit, is a feature worthy of some notice. It has the good effect of supplying the citizens of the upper Districts, who may be engaged in commercial transactions, with Northern exchange at Charleston rates; and at the same time acts as a check on the country Banks in regulating the premium of exchange; such a policy is certainly commendable, and must eventually afford, though limited at present, additional source of profit to the Bank.

3d. "The amount on Deposit," consists of various sums in Bank placed to the credit of individuals, corporations, societies, institutions, etc. and show an indebtedness of the Bank to the amount of \$104,700 22, and though strange it may appear, that the "cash on hand," is not equal to the "amount on deposit," a circumstance which is unusual with other Banks, and which might be thought a fearful state of affairs by many not acquainted with the situation of the funds of this institution, yet your Committee were perfectly satisfied, from a critical examination, that every check that could be drawn upon the Bank, would be promptly met in cash, from the fact, that a sum exceeding \$40,000 would not be called for, and the greater portion of which could not be appropriated before the meeting of the Legislature.

These items collectively embrace the liabilities of the Bank; we next proceed to remark upon the assets, showing the probability of meeting this indebtedness.

1st. "The notes discounted," include many which are of long standing, and of the solvency of which your committee were not in some instances well satisfied. About 750 notes are in Bank, which have been discounted at different times, amounting to \$884,087 09, the proceeds of which, no doubt, have afforded accommodations to citizens in nearly every part of the State, but at the same time, we find a suspended debt of \$77,219 50, a portion of which has been lost to the Bank. In justice to the presiding officer of the Bank, we feel in duty bound to state, that some of these debts were originally contracted before his official duties commenced; and we have been

assured that no efforts, consistent with circumstances, have been spared on his part, to bring them to a more favorable condition.

2d. "The drafts discounted," comprise the operations in domestic exchange. A sum equal to her entire banking capital has been discounted upon drafts drawn upon Charleston within the last nine months, no part of which appears to have been returned under protest. This fact speaks much in favor of the experience and management of the officers of the Bank; it is a branch of business comparatively new to this institution, and should be encouraged to any extent, if safely administered; it has already afforded many facilities to the agricultural interests of the upper Districts, by removing, in part, the monied restrictions under which the purchasers of produce frequently labor, and at the same time offers to the Bank of the State an opportunity of circulating her own bills, and receiving in payment the bills of other Banks. We recommend a continuance of this branch of its business, as the means not only of affording an extended capital, but eventually securing large profit to the State.

3d. In regard to "The Bonds in Bank," your committee regret that they cannot speak in more favorable terms. There appears to be but twenty bonds in this Bank, yet the fact presents itself, that some of them have been lodged from five to ten, and in some cases near thirteen years, and in small sums too, (comparatively speaking) due by individuals who have had frequent accommodations in Bank from time to time, for more than double the amount of the bond. Your committee therefore recommend, that all the bonds or mortgages of long standing, due the branch Bank of the State at Columbia, be either collected, (or secured in some other form,) before the next annual report of the Bank to the Legislature.

In connection with this part of the report, we also recommend to the officers of the Bank, that some definite action be taken in bringing to a more favorable situation certain debts, which seem at this time to be under protest, and not in suit, and due by parties perfectly solvent. In conclusion, your committee would avail themselves of this opportunity to remark, that as the subject of indebtedness of Bank directors has for a long time created an uneasiness in the minds of the community, though it is not our privilege to speak of the same individually, still we must express an agreeable disappointment, in the exhibit of the Bank accounts of the directors of this institution. We called upon them without giving notice, and at a season of the year, when it could not be expected that their accounts would make a very favorable showing; in consideration, however, of the various pursuits and occupations of the different gentlemen composing the board of Directors in this Bank, we are satisfied that their accommodations have not been more liberal or partial to themselves than to many other citizens of the State, and in every case, we believe the indebtedness of the present board to be amply secured. As regards that general spirit of accommodation which has ever characterized the officers of this Bank, in affording substantial benefits to the agricultural and commercial interests of the State, we have only to observe, that their loans have been equal to their original capital; and the claims which they now hold, are due by citizens residing in almost every district of the State, thus manifestly exhibiting a disposition to conform to that extensive accommodation, which was originally dictated by the purposes for which this Bank was incorporated.

As regards the "*modus operandi*," of conducting the practical operations of the Bank, on the part of the salaried officers, we do not hesitate

to say that their books exhibit a clear and concise view of the affairs of the Bank, and have been kept neat and correct, as far as your committee could possibly discover. To the presiding officer we cheerfully accord that patriotic disposition to sustain, on his part, the reputation of the State, as well as that of her institution; and we are fully satisfied, from all the interchanges of opinion which this investigation necessarily elicited, that under his administration, with the benefit of such suggestions as your committee have thought proper to recommend, that the financial operations of this institution can and will be, faithfully, honestly and safely administered.

All of which is respectfully submitted.

JAMES R. AIKEN,	} Committee of House of Representatives.
JOSEPH A. BLACK,	
JOHN L. MANNING.	
H. C. YOUNG,	} Committee of Senate.
WM. GIST.	

Columbia, Dec. 8. 1845.

(1845.)

# REPORT OF THE SPECIAL JOINT COMMITTEE

*Appointed to examine the Branch of the Bank of the State of South Carolina at Camden.*

The Joint committee, appointed at the last session of the Legislature, on the part of the Senate and House of Representatives, to inspect the branch of the Bank of the State of South Carolina at Camden, ask leave to submit the following report.

The capital of the branch of the Bank of the State of South Carolina at Camden, may be said to consist of the debt which it owes to the parent Bank. This debt varies from time to time, as bills are furnished to or withdrawn from the branch. The average capital, however, is estimated at four hundred and eighty-one thousand dollars, to which, in order to ascertain the nett profit, should be added seven thousand dollars, the cost of the lot and buildings in Camden, used for banking purposes—making, in the whole, four hundred and eighty-eight thousand dollars.

## PROFITS.

The gross profits for the year ending the first of October, 1845, amounted to thirty-five thousand three hundred and fifty-one dollars, fifty-four cents.

The profits arise in the following manner:

On discounts.....	\$25,768 58	
On domestic exchange.....	834 49	
On Northern exchange.....	61 23	
Interest on bonds and suspended notes.....	8,521 24	
Protest.....	166 00	\$35,351 54

## EXPENSES.

The salaries of officers.....	\$6,000 00	
Incidental expenses.....	566 76	6,566 76
Net profits.....		\$28,784 78

Being over 5½ per cent. on the estimated capital, including the cost of the banking house.

#### LIABILITIES ON THE FIRST OF OCTOBER, 1845.

Debt due parent Bank.....	\$521,640. 36
"    "    Individual depositors.....	84,754 33
"    "    Merchants Bank of New York.....	11,670 42
	<hr/>
	\$568,065 11

#### ASSETS ON THE 1st OCTOBER, 1845.

Notes discounted, (not dishonored).....	\$436,563 61
"    "    protested.....	7,821 42
In suit.....	11,948 00
In Judgment.....	25,091 85
Drafts on Charleston.....	6,590 00
Bonds.....	53,899 93
Bills of various Banks of this State, principally of the parent Bank.....	25,151 70
Bills of Banks of other States.....	24 00
Gold and silver coin.....	974 60
	<hr/>
	\$568,065 11

There are twenty-one bonds in the branch Bank, eight of which were taken during the present year, to secure debts, and to prevent the sacrifice of property. Most of the debts in bond are secured by mortgage, in addition to personal security.

The number of borrowers on notes was, on the first of October last, three hundred and twenty-one.

Accommodations by the branch seemed to be extended generally, not only to the district where it is located, but in the adjoining districts also.

Your committee examined the bonds and notes with reference to their amounts, and the solvency of debtors. From the knowledge of your committee in some cases, and from such information as they could obtain in others, they have come to the conclusion that the debts are generally well secured. Some of the old debts sued, may be considered doubtful, and there are some small notes, amounting all together, to about twelve hundred and fifty-five dollars, which your committee regard as doubtful, if not decidedly bad.

Every facility for examining into the affairs of the branch was afforded by the able officer at its head. It is the opinion of your committee, that the affairs of the branch are in most respects well conducted. But it does appear to your committee, that the aggregate indebtedness and liabilities of the direction, are not proportioned to the capital and business of the branch.

All of which is respectfully submitted.

JAMES CHESNUT, Chairman of House Com.

(1847.)

REPORT OF THE SPECIAL JOINT COMMITTEE, ON THE  
BANK OF THE STATE AT CHARLESTON.*To the Honorable the Senate and House of Representatives of the State of  
South Carolina.*

The Joint Committee of the two Houses, appointed at the last Session to inspect and report upon the affairs of the Bank of the State of South Carolina, report:

That it being the first duty of your committee, "to examine minutely into the affairs and situation of the Bank, and to report the result thereof, and particularly all mismanagement in the affairs of the said Bank, if any such have occurred;" and being for these purposes clothed, under the Act of the Legislature of 1824, with power to investigate fully the Books, Accounts and other documents of the said Bank, they, on the 28th of August last, did proceed to the investigation.

They resorted to every means that seemed to them available for arriving at correct conclusions. They examined, carefully, all the public and private accounts, with the view to ascertain, at least with reasonable certainty, on what sort of security the money of the State had been invested, and how far these investments had been safe and judicious. They went through all the note accounts, and the securities in bonds and stocks. They weighed and counted the specie, investigated all the assets of the Bank of every kind and amount, and the profit and loss account, and your committee believe they have not left any department of the institution without investigation.

In these examinations we take pleasure in stating that the officers of the Bank afforded every assistance and facility; every thing was spread out to view, without the least reserve, and a scrutiny invited and promoted, by all the means apparently in their power.

After such examinations as satisfied every member of your committee, they have come, unanimously, to the conclusion, and have agreed to report to your honorable body, that although your committee will not say that there have not been errors in their administration, yet they feel bound to declare, that so far as they have been able to judge, the affairs of the institution have been managed with prudence and circumspection, and the interests of the State seem generally to have been held in view, as the primary object of their operations.

To the profit and loss account, your committee turned their particular attention. This account contains, in general, the names and debts of men, principally merchants, who have been known to the whole community from year to year to have failed in business, from the time of the foundation of the institution to the present. Most of them were already known to the members of your committee as unfortunate bankrupts, who had not been able to pay their debts. Very few of the losses were at all extraordinary, and if the average of these losses, for the course of years, be compared with the average clear annual profits of the bank for these same years, they will not be found greater in proportion, than must reasonably be expected in all operations of this kind, however prudently conducted, and much less than generally befall commercial operations of the same extent.

There does not seem to your committee any motive to conceal the names on the profit and loss account of the bank from the public eye, except the honorable one of adhering to the pledge contained in the charter, and on which the money had been originally borrowed by these unfortunates, that their names should not be made public, and a praise-worthy unwillingness, to expose to unnecessary humiliation those, or the relatives of those, whose only fault, in most instances, had been, that they were unfortunate—persons who failed to pay their creditors, generally, and not the bank in particular. There seems not to be any valuable object or practical result to be obtained by the publication of these names, even if it could be honorably done, whilst that idle and childish curiosity, which would be indulged and promoted by such an exhibition, would be any thing but creditable to our people. These losses, as we have said, are not large when compared with the annual profits from which they have, from time to time, been deducted.

Nor do they seem to have been incurred either by the negligence or imprudence of the officers of the institution. They seem rather to be the amount of those contingent losses, from which no prudence could entirely guard, and which are necessarily incidental to all banking operations. Indeed, without the risk of which, in some sort, no profits could be made.

Some loss of this kind will always occur in banking concerns; and the only fair estimate which can be made of their degree, must be by comparing them with the clear average profits, which at the same time have occurred.

Your committee also turned their attention to the accounts of the Directors. But as these are submitted to the annual inspection of the members of both Houses, it does not seem incumbent on them to canvass the accounts themselves. Each member can examine and judge for himself. Your committee would, nevertheless, respectfully suggest, that frequent changes in the direction must, necessarily, have an injurious effect on the operations of the institution. Every new director becomes a new borrower. The State pays no salary to these gentlemen for their services, and it must always be understood, that the candidate for a director's place can be seeking nothing in the attainment of this office, but pecuniary facilities of some sort. Not that your committee would be understood to imply that the simple fact of the director's borrowing from the bank, is injurious. On the contrary, it would seem that he ought to be entitled to some such privilege as a compensation for his services. Gratuitous service in any department, is perhaps the most costly the State can receive; and good borrowers are precisely that class of citizens out of whom the profits of the bank are expected to be made.

But your committee doubts much, whether the present method of exhibiting these accounts to the Legislature, is productive of any good practical results.

Under these impressions, they have submitted an enquiry to the President of the Bank on the subject, which enquiry, together with his reply, accompanies this report, and will be found in the appendix.

Serious losses are more apt to occur to the Bank from the Directors' accounts, than from any other. We believe this has been found practically true in the past experience of the institution; but the true security of the State consists, not so much in watching your public servant invidiously after you have invested him with the trust, but in taking due care, in the first instance, to elect those only in whom you may fully and securely confide. The losses of the bank of the past year, demonstrate that the existing method of scrutiny is not effective. On the other hand, there is no doubt

but that this method has had the effect of removing some of the ablest and most experienced merchants from your board, who now direct the private institutions with ability and success. It must also be recollected, that whilst the directors of these private institutions are selected, generally, with reference to their mercantile skill and credit, yours are selected rather according to the influence of friends and the number of votes they can command on joint ballot in the Legislature.

There are some very peculiar features in the Constitution of the Bank of the State, which it seems to your committee not amiss at this time to bring more particularly to the view of your honorable body. This Bank is, in many respects, an Independent Treasury. The funds of the State are, in effect, kept by herself, or by a corporation entirely under her own control. None of her assets go into the private institutions, either to be kept or banked upon; but are in her own vaults, and only to be used, so far as the theory of the establishment is concerned, for the benefit and at the will of the State.

The Bank, under these circumstances, not only brings the State an annual income, but it also manages nearly the whole of her fiscal concerns. Being the place designated by law for the deposit and safe keeping of all the public funds, it also takes an important part in negotiating and administering her aid in the management of the public debt and loans of every description, and in their payment.

In this point of view, it is unquestionably of great value to the State, and we much doubt whether her fiscal affairs could be managed by any other plan with equal facility and precision.

Under circumstances as they now exist, the aid of the Bank seems to your committee indispensable; and this, not with reference to the revenue derived or to be derived from it. This is, perhaps, the least of the benefits accruing to the State. Were the institution for the first time to be now established, and the profits to be derived from its operations held out as the prominent inducement to give it a charter, we are free to admit, that we should not, probably, be found among those who would lend their aid to its creation. But it has already been established. Its interests have become interwoven, in many important respects, with those of the State, and they cannot be torn asunder, without serious and extensive disaster.

There is another point of view, in which this institution seems peculiarly valuable to the commercial relations of the State at large. The State herself being the guaranty for its stability, there is scarcely a possibility of the failure of the bank. The consequence resulting from this feature is, that it operates as a great and salutary check in times of commercial distress on the disastrous panics which at those periods occur. When distrust is abroad and deposits and specie withdrawn on every side from the private corporations, then the beneficent effect of an institution under the guaranty of the State is more peculiarly felt. At such times it becomes the grand depository of all those funds which have been thus drawn from the private banks, and which would otherwise be withdrawn entirely from circulation and hoarded, and by this withdrawal would increase two-fold the general suffering.

Your committee are informed that at periods like these, the deposits received at this institution are immense. Your honorable body can easily perceive the substantial benefits which must always accrue to the commerce of the city and State, from this feature in the bank. To have one safe place of deposit which can weather any commercial crisis, short of those



produced by civil commotions, must, at such times, be worth more to the people of the State than all the private banking companies together.

This benefit, which is, perhaps, the most substantial derived from this institution, seems not to have been at all in the contemplation of those who first projected and established it. It seems to have grown out of the natural course of events—the security of the capital, resting on the powerful guaranty of the State, being thus beneficially brought to bear on the transactions of her commerce. Should the Bank continue to be prudently and effectively managed, this may long remain a main sheet anchor to our people, in times of commercial revulsion and distress.

Whilst we thus endeavor to set forth fairly and impartially, some of the benefits derived and to be derived from this institution, your committee deem it also their duty to touch on some of the evils it may be calculated to create or foster. The first and most important of these, is the facility with which it may be used as an engine of political influence. But it must be recollected that this danger, (and it is a great one) springs, more than any other, from the action of the Legislature itself, and the manner in which it has linked itself with the Bank. None but a man of considerable strength in the Legislature can be elected its President, and all its Directors rest on the same foundation for their appointment, and the keeping of their places. This money power is not peculiar to the Bank of the State. It appertains to every corporation, where large capital is concentrated in the hands of a few. The fact of this institution being entirely under the control of the State, rather impairs than enhances its possible means of monied influence. Money is power in all places, and those who have the management and direction of it, wield this power. A banking corporation of equal capital, entirely beyond the control and supervision of the State, would be far more formidable; because, its operations would be out of our sight and reach, and we would only know of them by feeling their effects. It therefore would wield entirely an independent influence, more to be dreaded, and far more calculated to act injuriously on the free suffrages of the citizens, than that of a bank which may be called to account for any indirection in this as well as in other respects, or be abolished at the will of the State.

It is a gross mistake to suppose, that were the possible money power in the Bank of the State abolished, this influence itself would end. We should only transfer it to the private institutions, on whom the Bank is now a check, to be used by them without check or stint, for their own purposes, or that of their directors; whenever they should think proper. Neither would we be able to discover but casually whence this secret influence is derived. Men who have power of any sort are prone to use it, and in most instances, for their own personal and exclusive objects; and it would be difficult to shew how, by transferring this control over the monetary concerns of the State entirely to private corporations, we should promote the welfare, either of the State as a political body, or of her citizens. So long as we are satisfied that the influence of the Bank of the State is not wielded for political purposes, and whilst it continues in the exercise only of its lawful functions, and in the pursuit of objects for which the State invested it with power, it is but reasonable that it should not be embarrassed by any undue action of the Legislature.

On the whole, your committee would respectfully submit, that every part of the monetary concerns of the State has become connected and interwoven with its action. These monetary concerns are well managed, and

her credit sustained, at all times up to the highest point. Whilst the bank has never had, nor could have had, any agency in creating the debts of the State, it has ever, since its formation, been the main staff on which she has rested, either for assisting her in raising new funds in times of difficulty, or of liquidating and paying off all her pre-contracted liabilities.

The debts of the State are large. It is on the management and efficiency of the bank we principally rely for their payment, and whilst we should continue to watch narrowly, that it does not swerve from its duty, we should, on the other hand, render every reasonable aid and encouragement to its officers, in the furtherance of the all important objects for which it was instituted, and in which the public welfare is so deeply involved.

There being certain subjects on which the committee desired to be informed, but were unable, by any investigation they could institute, to reach, they sought of the President the information, by propounding to him the following

### QUERIES.

1st. Will the Bank be able to meet and pay off the instalments of the public debt, charged upon it, as they fall due?

2nd. Can the public debt be paid off at periods earlier than now arranged for; if so, how can it be effected?

3d. Is the mode established by the resolution of December 9th 1842, for ascertaining the fitness of directors, by exhibiting in a private report the state of their accounts on the 1st day of each month, useful or injurious? What is its effect? Can any better plan be suggested?

4th. Is the present the best method for collecting your debts? Could it be improved so as to benefit the public without injury to the debtor?

5th. Does the circulation of this Bank depend, for its maintenance, on the same principles as that of the private institutions; if not, what modifies or affects it differently?

6th. Is the amount charged on the debtor side of your general account, as "Bank notes issued," the amount in actual circulation?

7th. Have all the notes which the Bank has issued, from its commencement, been charged against it in the statement of issues?—or, has any deduction or credit been made for what may have been lost or destroyed?

The answers to these queries are added, as an appendix, to this report, and will be found valuable for the information contained in them, and as affording practical suggestions for amending and improving the laws on these subjects.

JAMES SMITH RHETT,  
Chairman Com. of the Senate.

JOHN E. CAREW,  
Chairman Com. of the House of Representatives.

## Statement of the Bank of the State of South Carolina, Charleston, 30th August, 1847.

To Capital.....	\$1,123,357 73	By Bills and Notes Discounted.....	1,404,590 66
" Bank Notes issued.....	1,352,471 00	" do. do. in suit.....	145,292 14
" Do. do. in exchange.....	78,395 38	" Bonds secured by Mortgage.....	441,261 59
" Do. do. at Columbia.....	20,970 00	" do. do. under Act re-building City.....	842,652 46
" Discount Account.....	61,616 69	" Specie, Cashier.....	276,239 58
" Interest do. Notes.....	42,195 20	" Bank Notes do.....	150,423 00
" Do. do. Bonds.....	34,646 81	" do Specie, Tellers.....	182,987 53
" Do. do. Fire Loan.....	44,616 11	" Columbia Branch Bank.....	980,011 76
" Premium do.....	11,066 47	" Camden do. do.....	411,886 06
" Profit and Loss do.....	1,009 17	" Hamburg Agency.....	1,276 25
" Protest do.....	202 00	" Georgetown do.....	1,324 67
" State Treasury.....	145,167 37	" Bank of Charleston Stock.....	108,400 00
" Do. from Sinking Fund.....	491,644 66	" Commercial Bank do.....	400 00
" Do. do. Loan rebuilding City.....	1,810,263 37	" So. W. R. R. do.....	101,481 48
" Deposits.....	496,059 95	" do. 6 per cent. do.....	30,298 26
		" So. C. & R. R. Co. do.....	2,500 00
		" do. do. Bonds.....	27,444 44
		" do. do. Sterling do.....	37,357 63
		" Geo. R. R. Bk. Co. do.....	90,000 00
		" West & Atlan. R. R. do.....	41,000 00
		" City of Montgomery do.....	400 00
		" Bank Estate.....	66,608 08
		" Real do.....	48,462 19
		" Judgments.....	.....
		" Int. and Exps. State Loan.....	115,070 27
		" 6 per cent. do.....	19,025 00
		" Baring, Brothers & Co.....	96,041 97
		" C. J. Hambro & Son.....	47,173 86
		" Foreign Exchange Account.....	2,606 46
		" Domestic ".....	139 16
		" Merchants' Bank, New York.....	89,974 18
		" So. West. R. R. Bank.....	40,354 08
		" Contingent Expenses Account.....	7,897 56
			7,918 68
			82,841 16
			<u>\$6,723,561 90</u>
			<u>\$6,723,561 90</u>

## APPENDIX.

CHARLESTON, NOV. 25TH, 1847.

To Hon. James S. Rhett, and John E. Carew, Esq.,

Chairmen of the Committee of Investigation.

GENTLEMEN:—I submit herewith the answers I have prepared to the questions propounded by you. The delay in furnishing these answers has been occasioned by the state of my health, which has been such as to compel me to prepare them at intervals, when I was able to attend to the subjects of inquiry.

Very respectfully, your obedient servant,

F. H. ELMORE, President Bank of the State of So. Ca.

I. QUESTION.

Will the Bank be able to meet and pay off the different instalments of the public debt, which are charged upon it, as they fall due?

ANSWER.

That the Bank will be able to meet and pay off all the public debt charged upon it as it falls due, if the Legislature does not impair its ability by measures injurious to its business, I have not the least doubt. I will go further, and say, that if arrangements can be made with the public creditors for that purpose, the payment of a large part of it can be met by the Bank before it falls due, and in all human probability, the extinguishment of the whole be effected with advantage to the public interest, even before the periods fixed in the present arrangements.

The reasons on which this opinion is founded were set forth in my special report of December, 1843, made in obedience to the call of both branches of the Legislature, (see special Rep. pp. 9-10) and, again, three years after, in the annual Report of 1846, (see Rep. and Res. 1846, pp. 23, 4, 5, and 6.) To these reports I ask your attention, in order that you may subject the views then expressed, to the test of subsequent experience, and see how fully the calculations then made have been verified, and even exceeded. With my special Report of December, 1843, I submitted a table, carefully prepared, to show what we believed would be the action of the Bank in paying the public debt. We showed in that table, that with the very low rate of profits estimated, the Bank would meet and pay the whole public debt, as it fell due. The rate of profits for 1844, 1845 and 1846, exceeded those estimated by five thousand dollars, and those of 1847 exceeded the estimate by \$72,000. The greater profits were made, notwithstanding the Bank cancelled in 1844, \$417,068 29 of the State stocks it held as part of the capital on which it estimated its profits; and has also, out of its capital, bought up since, and paid \$33,333 33 of the fire loan due in 1858 and 1868, long before it was due.

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Besides purchasing and cancelling stocks, not yet due, to  
the amount of.....\$43,441 33  
The Bank also paid in 1845 and 1846, the five per cents.  
due then.....544,523 64

The total amount of these payments was.....\$587,964 97  
while the Bank was only required to have paid.....550,000 00

Showing an excess of payment of public debt.....\$37,964 00  
It will thus appear that the Bank, in the last four years, has paid \$37,964 03 more of the public debt, and carried to the sinking fund \$77,000 more in profits, than it promised in the table of 1843, and I point to these results to justify the opinions I expressed in 1843 and 1846, and which I now repeat with increased confidence, viz: that the Bank, if it is not embarrassed by unwise interference and restriction, will be fully able to pay off the whole public debt, as it falls due, or even to anticipate and pay it off before the times it now falls due, if arrangements can be made with the public creditors that will allow it.

As regards the operations of the Bank in the coming years, I can perceive no reasons why they should not be equally, if not more profitable than the past. The field of operations is widening every day. Rail Roads within and steam-ships without, are extending the domestic and foreign trade of Charleston, and hold out a promise of great increase in her commerce, wealth and population. This State, and the neighboring States, are enjoying a high degree of prosperity, and enlarging greatly their products, transactions and industry. Bank capital will have a constantly enlarging sphere for wholesome and profitable employment, in the enjoyment of which I trust this Bank will not fail to participate.

### II. QUESTION.

Can the public debt be paid off at periods earlier than now arranged for, and if so, how can it be effected?

### ANSWER.

The periods for the payment of the several instalments of the public debt, have been fixed by law and embodied by contracts with the public creditors. These contracts cannot be changed without their consent. As now arranged, the several debts payable by the Bank, fall due as follows:

1st Jan. 1848, Rail Road 6 per cents.....	\$196,873 71
1st " 1850, " " ".....	196,873 71
1st " 1852, " " ".....	196,873 71
*1st " 1858, Fire Loan 5 per cents. in London.....	535,461 12
1st " 1860 " " ".....	482,222 22
1st, " 1868 " " ".....	538,794 44
1st " 1870 " " ".....	325,808 92

The importance of the matters embraced in these questions requires a full examination of the subjects embraced. By the foregoing, it is shown that the debts of the State for which the Bank is pledged as security, run over a space of 22 years from the 1st January next.

\* Exchange is included in that payable in England.

In addition to the general principle, which would make it desirable that the public debt should be paid as early as it can be done without public loss, there is one consideration connected with the Bank itself to make it peculiarly so. The pledges of the institution which have been given to the public creditors, establish a limitation on the power of the Legislature over the Bank, which might operate, in a conceivable condition of its affairs, as a serious impediment to such Legislative action as might be urgently required by the public interests. To adopt Legislative action inconsistent with the contracts made with the public creditors, however it might comport with convenience or interest in other respects, would inflict a wound on the character and credit of the State which no pecuniary advantage would justify.

The removal of this restriction can only be effected by the extinguishment of the existing contracts with the public creditors, either by purchasing up their claims at once, or making a new contract by which they will agree to surrender their present demands and take new stocks without the security of the Bank.

The immediate purchase and extinguishment of so large a debt is not practicable—and the object can only be reached by inducing the public creditors to surrender their old contracts and take new stocks for those they now hold. It will be observed that there are two objects in view. They are,

1st. To obtain from the creditors of the State a surrender of the stocks they now hold, and the substitution of others payable by annual instalments at earlier dates, retaining their security.

2d. The relinquishment by them of the security which they now hold on the Bank.

1st. It will be observed, that if both these objects can be accomplished at the same time, they do not, in the slightest degree, conflict or interfere, but that both can be brought into harmonious combination, if the assent of the public creditors can be obtained.

The question then presents for inquiry,

Can the assent of the public creditors be obtained? and

Is it advisable for the State to make the effort?

In regard to the first of these, I am not sufficiently advised to give any definite opinion. I am by no means sanguine that the effort would be successful.

The views of Gen. McDuffie, our agent, and of Messrs. Baring, Brothers & Co. with whom the Fire Loan was made, and of Messrs. Hambro & Son, show that great value is attached to the security given to the Fire Loans by the pledge of the Bank.

In the precarious condition of the credit of the American States, it is extremely doubtful if such a proposition would be acceded to, and it is not improbable that even the fact of its being made, might be construed unfavorably to our credit.

I regret that the time between this and the session of the Legislature, will not be sufficient to enable me to obtain satisfactory information on the point.

But it would seem unadvisable for us to make any attempt which might be construed to our disadvantage, and tend to shake our credit, without all the consequences being provided against beforehand, by such

an understanding between us and the parties, as would prevent misconception.

I will only add, that I will give my aid in every way, to carry out this measure, if it is deemed advisable to make the effort.

2d. This brings us now to the second and main point, viz: To obtain from the creditors of the State a surrender of the stocks they now hold, and the substitution of others, payable by instalments at earlier dates. A new arrangement with the public creditors which would break the heavy sums payable in 1858-60-68 and 70, into earlier annual payments, distributing them from 1853 until the whole public debt is paid off, would be greatly to the public advantage, in all its bearings on the Bank and the community. The advantages are so great, that the object should be attained even by sacrifices, which will be compensated by those advantages.

The objection to the present arrangement is, that it postpones the payments of the Fire Loans to remote periods, and then causes them to be paid in such large amounts, that they must inevitably produce derangements and irregularities in the operations of the Bank, unfavorable to proper banking and to safe commercial business.

Fluctuations in the capital employed, and in the amount and character of discounts, are by no means desirable.

The Rail Road 6 per cents, amounting to \$590,621 14, payable in sums of \$196,873 71 on the 1st January, 1848, 1850, and 1852, will keep the capital and means of discount under a gentle control, which will sufficiently preserve the safe balance.

But from 1852 to 1858, no part of the public debt is payable, during which time, the profits will probably reach near \$500,000, which will remain in Bank increasing its operative means or capital.

On the first January, 1858, about \$600,000 will be required at once, to pay the first Fire Loan instalment, and interest on other stocks.

The sudden withdrawal of \$600,000 at one operation, however prudently effected, will necessarily be felt in every branch of business. The next instalment is due in 1860, and will, in like manner, withdraw near \$500,000 at a single operation, producing even greater derangement and irregularity.

Then succeed eight years, during which, profits again accumulate, and swell the operative capital by something like \$520,000, which will be employed and mingled up in the general business of the community, and must again be called in suddenly, to be paid out for another instalment of \$500,000 on 1st January, 1868, to be followed, two years after, on 1st January, 1870, by the last payment of \$325,000, paid out in the same way.

These fluctuations of capital, producing heavy shiftings of funds, concentrated in large amounts on single points of time so unequally distributed, cannot fail to produce irregularity, exceedingly unfavorable to soundness in business and safety in banking; and these causes will operate the more stringently in this case, from the fact that a large portion of these heavy payments have to be made in England, where no part of what is paid out, will find its way back into the channels of our business, to alleviate, through other sources, the embarrassments its withdrawal has created.

There is no point of view, in which such a state of things is not unfavorable to the public good.

The Bank is far more liable to fall into errors in its administration, and

to sustain losses, from the great expansions and contractions which its business must necessarily undergo, while legitimate commerce is disturbed and agitated by these irregular ebbs and flowings of its springs. There is even hazard to the Bank itself in such a condition of things. We felt this in 1840, when, under the general suspension of specie payments by other Banks, and our circulation was contracted to the lowest point, we were called on to pay off \$800,000 of 6 per cents, make loans to the Fire Loan borrowers, advance the expenses of the State Government, redeem our deposits and circulation, to an aggregate sum of a million and a quarter of dollars within a few months. Such shocks cannot be often and safely encountered, and should be guarded against at almost any cost.

The same dangers may again be opened upon us in 1858, '60, '68, '70, if we do not take timely measures to prevent them.

If the arrangement which I have suggested meets approval, we have five years before us to effect it before the first payment, in 1853, would be made under it.

In comparison with the benefits in its management, the security of its funds, and that of the Bank itself, against such extremities as I have pointed out, the payment of a reasonably increased rate of interest should form no sufficient ground for rejecting it.

The distribution of the payments of the Fire Loan debt, into annual or biennial instalments, beginning 1st January, 1853, will prove, (for the dangers indicated) a simple and effectual remedy.

The payments of the Rail Road six per cents, 1848, 1850 and 1852, will act in the same way until that time, and if the arrangement can be made, to begin at their expiration to make the payments on the Fire Loans, and continue them annually in instalments of about \$100,000, the whole could be paid and cancelled by or before 1870, the period now limited by the Act of the Legislature. In fact, I see no reason to doubt but it might be accomplished even as early as 1865, without inconvenience, thus anticipating the final extinction of these debts by some years.

The annual instalments as thus proposed, would about absorb the annual profits, prevent their accumulating in the sinking fund and being hazarded for years in loans to create expansions and fluctuations, and give to the operations of the Bank the regularity and steadiness most conducive to safe and wholesome business.

The only mode of accomplishing an arrangement so desirable, is to make a new contract with the public creditors, by which they will be induced to surrender the stocks they now hold, and take new stocks therefor, having the times arranged as I have suggested. This can be effected but in one way, viz: by making it their interest to do so, and that will be effected by raising the interest to such a rate as will compensate them for shorter investments. What that rate would be, I am not now prepared to suggest, but that it could be adjusted on terms of equality and fairness to both parties, I see no reason to doubt.

It may be done by the Bank itself, acting under authority of the Legislature, or by an agent specially authorized for that purpose. If the authority is delegated to the Bank, its means for negotiating are already organized in its existing agencies established in London, while its direction, fully informed of the bearings of the whole subject, would be less likely to fall into any errors in arranging the details, which might disturb the harmonious working of the measure.



It may seem an objection to this measure, that to effect it, a higher rate of interest will have to be paid. But if we consider the subject in all its aspects, we may see cause to doubt if this objection is not more than balanced on the other hand; in fact, it is quite probable it would prove in the end the most economical. It is hardly to be expected that no losses would be incurred in the administration of funds so long on hand; they would probably balance the increased interest, while the annual payment by the Bank of \$100,000, would produce that gentle and wholesome pressure, which would make its directors more prudent and successful in managing the funds of the institution.

### III. QUESTION.

Is the mode established by the resolution of 9th Dec. 1842, for ascertaining the fitness of directors, by exhibiting in a private report to the Legislature, the state of their accounts on the 1st day of each month, useful or injurious? What is its effect? And can any better plan be suggested?

### ANSWER.

The exhibit required of the state of the director's account on the 1st of each month, is not such a statement as will give a correct idea of either the business or fitness of a director. It is but part of the evidence requisite, and in the form it is given, is as often calculated to lead to erroneous conclusions as to correct ones.

It is but part of the evidence which should decide, for it is not so much the amount of his account, as the reasonableness of the amount, reference being had to the capital and business of the director, and to the security for the debts; and there is nothing required or allowed to be given, which will show these. What would be an enormous accommodation to a man of small capital and business, with weak security, would be a small and reasonable amount for another of large capital and extensive business, and ample security. If you look solely to the amount of a director's account, very erroneous conclusions may be drawn.

The director who brings to a Bank the best and largest account, and the best and safest customers, if himself a man of intelligence and probity, is the most useful and desirable. Such men are sought for as directors by all our Banks, and are desirable exactly in the proportion that they are intelligent, honest, and can bring business of the right description. There is no Bank conducted on true business principles, that will not be gainer in extending large accommodations to such a director.

I have said the present mode of reporting the accounts of the directors, is even calculated to lead to erroneous conclusions, so much so, as to do such injury to the credit and business and sensibility of mercantile men that no advantages we can offer, would be sufficient to induce some of the most desirable and best qualified for that office, to be directors in our Bank. In fact, our Bank has, from time to time, lost some of its best directors from this cause. They have felt that their accounts have not been understood, their credit has been brought into question, their feelings have been wounded, and they have transferred their useful services to other institutions. Keenly alive to their own interests, these institutions are always on the look out for such directors, and gladly invite them to seats at their

boards, where their accommodations are more extended, and they are free from the exposure of their affairs, and the vexatious, and sometimes very injurious effects of public reports of their accounts.

But it is perhaps better that I should illustrate more explicitly, how erroneous conclusions may be drawn from these reports. I have said before, that they furnish only a part of the evidence necessary to forming a correct opinion as to the accounts themselves, or the fitness of the Directors for the place. The balance of that evidence are the items of the accounts, showing the nature of the debts; the value or sufficiency of the security; and the deposit account of the Director—these, with his character for business and probity, constitute the elements out of which a proper estimate of the fitness of the Director is to be formed. Now, while the President's report is required to give the amount of the Director's account, it cannot give a single fact to show, either the character, good or bad, or the items of the account; or the nature of the debts; or the names or sufficiency or insufficiency of the security; or the deposits made by the Director. The charter very wisely forbids the exposure of the names and accounts of the customers of the Bank, and even if the Director desired it, no officer of the Bank can, without a violation of duty, make such disclosures, except to a Committee or the Comptroller General. I say the charter wisely forbids the exposure of accounts, because no man in good credit will allow his name, either as principal or indorser, to go into a bank which publishes his transactions with it—the good customers as well as good directors would be driven off, and their places be supplied by those who were refused in other Banks, and whose necessities compel them to submit to what men of sound credit consider a degradation and an injury.

The accounts of the director consists of discounts directly to himself, or to others on his indorsement. In many cases, as of factors for instance, the loan which is apparently to himself, is, in reality, for his planter customers, being for means to make advances on their crops. A factor's account for "liabilities," is almost always predicated on produce on hand or to be received, and is most generally an indorsement or acceptance of drafts drawn by the owner, to anticipate the sale of the produce. And so the account of a wholesale merchant is largely composed of the notes of his country merchant customers, indorsed by him, and offered for discount a little before they are due. These debts are really the debts of others; whose credit and standing are good, but yet they stand charged against the director whose name is upon them.

The aggregate may often amount to a large sum, and, unexplained is calculated to excite distrust, but if it were known that it often is but the debts of a great many persons of large property, and is to be paid out of their crops when sold, or by their country merchants when due, the misapprehension would not arise.

It is a fact well known, that in other banks of this city there are directors whose accommodations of this sort amount to more than double what is extended to ours, without ever having created among the stockholders the slightest uneasiness. Indeed, it may safely be said, that in these institutions such men are sought for as directors, and the records of our bank show that many of the best directors it has ever had, yielding to the greater advantages and protection offered by the private banks for their business and feelings, have transferred from this Bank to them their services and business. No class of business is safer, more useful to a com-

munity, or more desirable to a bank, than that of the large factor or wholesale merchant, and yet none is so likely to mislead the Legislature, as to a director who is one, without explanations which the resolution does not call for, and which the charter wisely prohibits being given.

If the charter were even amended so as to allow the explanations, it would introduce a practice repudiated in all banks, opposed to all commercial sensibility, and which would inevitably lead to the loss of all good directors and good customers, and fatally affect the business and credit of the bank itself.

The next branch of the inquiry, is, whether any better mode of ascertaining the fitness of a director can be recommended; and what that plan should be, is a question of no little difficulty. While my mind is clear as to the evils of the present system, it is not equally clear as to the remedy. It has seemed to me, however, that in respect to their accounts, a safer and better mode than the present, would be to create a board of supervision, whose duty it should be to examine monthly, quarterly, or semi annually, the accounts of the directors, in all the particulars I have indicated above, making it their duty, if they observed any departure from the line of prudent and proper credits, to call the attention of the Board of Directors to it, and if it was not rectified, to report the fact to the Legislature. This board might consist of the Comptroller General, the Attorney General, and the Treasurer of the Lower Division.

If such a board should be deemed advisable, it should not be allowed to supercede the Biennial Bank Committee of the Legislature, but might, in its working, be auxiliary to it, and thus enable the Legislature to have at all times a vigilant eye over the Bank.

A confidential report from such a board would give to the Legislature better information and views in regard to its directors, and enable it to judge more correctly of their fitness and value, and of their solvency and safety.

## COLLECTION OF DEBTS DUE TO THE BANK.

### IV. QUESTION.

Is the present the best mode of collecting your debts, or could it be improved so as to benefit the public interest, and without disadvantage to the debtor?

### ANSWER.

The courts are open to this Bank for the collection of its debts, in the same way as to other corporations, but owing to the peculiar character of this Bank, the purposes for which it was created, the duties which are devolved upon it, and the nature of its negotiations, it differs in so many respects from other institutions, as to render it an exception to the rules of business adapted to them, and renders the facilities for collecting debts offered by the courts, inadequate, in many respects, to what its business and the public interests require. My attention was drawn to this subject very early after I was elected to preside over the Bank. After very carefully examining the subject, it was brought before the Legislature in the annual report of 1841, (Comp. 407,) again in 1848, (Comp. 440,) and since in 1846.

The views submitted from the Board of Directors, on these several occasions, (to which I beg leave to refer you,) so far from having lost any weight, have derived additional importance and conviction from subsequent experience. The system suggested in 1841, is believed to be the best that can be devised, and unless it, or something analogous to it, is adopted, risks and losses from this source must continue to occur, and probably to increase.

This subject is one of such importance as to demand a more full developement, and with the permission of the Committee, I will briefly submit such views as seem to me deserving the consideration of the public authorities.

This Bank is public property; it was established, as the proceedings in which originated its charter, and all subsequent history prove, not as a Bank in the strict technical meaning which that term signifies, but as one combining other functions, and to be conducted on principles and with views essentially differing. It is unnecessary to designate all the points of difference; it is enough for the present purpose, to confine my illustration to that which constitutes the ground work of the present investigation. The Bank was, in one respect, made a loan office, for the accommodation of the planting and other industrial interests; modified, it is true, by assimilating its discounts to loans and its loans to discounts; but essentially differing in this new mode of banking from any system pursued by any other Bank.

Established out of the money of the people; owned by the State; created with the avowed purpose of affording relief to them in a period of great pecuniary difficulty, it has for a third of a century conformed its practice to the principles in which it had its origin, and it must continue to conform to these principles, or it loses an essential feature of usefulness, and its chief recommendation for the support of the people. While the accommodations of other Banks are confined chiefly to the people and business near them, these principles open the accommodations of this Bank to every part of the State. In times of distress, applications for its aid come in as naturally from citizens of Pendleton or Spartanburg, as from those of Charleston or Columbia. They have equal claims on the consideration of the directors, let them come from what part of the State they may; and these claims have always been considered and acted on in the spirit and policy which induced the establishment of the Bank. The consequence is, that debts have been contracted all over the State. The borrowers in the country, as a class, differ in two important particulars from those in the city and towns where the mother and branch Banks are located, viz:—requiring their accommodations at longer periods, and being less punctual in making renewals and paying up instalments. In the city and towns, our chief customers are merchants, to whom bank credit is as necessary as capital, and as a protest would destroy that, and with it their standing in business, they are scrupulously punctual in meeting the requirements of the Bank; but no such fearful consequences attach to failure or punctuality, to debtors in the country. They know that men's credit is based there more on the property they can exhibit; that their neighbors will not forget that their crops are their source of income, and realized only once a year, and that their distance from the point of payment and the difficulty of making it frequently and punctually, is very great. In short, that a protest is not bankruptcy, when the party can shew ample property in land

and slaves to pay all. Payments, therefore, are not so prompt from this class of debtors, although ultimate losses from them are very rare.

This habit, while it creates irregularity in the business of the bank to some extent, renders suit for collections more frequent in this than in private institutions. These banks have no such relations to the people; they are intended simply to make the most money they can for their stockholders in a fair and regular commercial business, and they confine their accommodations to the narrowest limits consistent with the full, safe and profitable employment of their funds.

In fact, they rarely allow a sympathy for a customer to make them grant a loan, especially to a planter or farmer, who lives at a remote part of the State. It is neither, strictly speaking, a banking operation nor one so profitable to them as the employment of their funds in discounts and exchanges immediately at their door. But the very circumstances which would make it their duty to refuse such a loan, might, and often do, make it *the duty of this Bank to grant it*, viz: to save property from being sacrificed and a citizen or number of citizens from being ruined. The State has so deep an interest in doing so, that she created this Bank for this amongst other purposes, and she has sustained it for thirty-five years, while it has made this a cardinal point of its policy.

The result of this relation between this Bank and the people, has been to give a far wider extent to its loans all over the State, than has ever existed with any other Bank, and with these widely extended operations there come many instances of tardiness in payments, which render a resort to suits in the courts necessary.

These suits must, in most instances, be brought in the districts where the parties reside, and it happens, not unfrequently, that the maker and indorsers of the same paper reside in different districts, and even in different circuits. In such cases the suits for the same debt must often be brought by different attorneys; and in some cases, it has occurred that the cause of action was needed at the same time at courts in two or more circuits, causing delays in obtaining judgments, or danger of non-suits.

But the greatest injury that results to the interests of the Bank, and of course to the public, comes from the almost insuperable difficulty of giving to cases in suit that regular attention and supervision which they require. There is no class of its business so likely so to be neglected. It is with the greatest reluctance a note is put in suit in any district out of that in which the Bank or Branch that sues it is situated.

In most cases, the moment it is sued on, the parties lose much of their sensibility to, and desire for its liquidation, and consider themselves fairly entitled to all the delay they can obtain. The sympathies of the sheriffs are naturally more with their neighbors than a distant corporation. The cases are scattered, one here and another there. The attorneys are employed as near the parties as convenient, that they may see after and protect the interests of the Bank, but as the cases are not numerous enough at distant points to warrant an exclusive attention to them, we are not able to obtain such regular reports or particular information at all times as the interests of the public require. The variety and complexity of circumstances attending such cases, in their various stages of progress, and which it is very desirable should be always known in the Bank, cannot be communicated with systematic regularity, when they must come from so many different agents, residing at remote points, and varying as much in the

structure of their minds and modes of transacting business, as they do in their places of residence.

Various systems, or attempts at systems, have been made to obviate these difficulties. In the earlier periods of the bank history, this branch of its business had not grown to its present importance, and no great inconvenience or loss resulted from the want of any system. The Attorney General in Charleston, and the Solicitors in the country circuits, transacted the business, receiving compensation for each case; the Attorney General receiving a salary as general counsel. This was so far modified at another time, that the Solicitors were also compensated by salaries. But it was found that the duties performed were very unequal; one doing more than his salary fairly compensated, and another drawing a salary and having nothing, or a very inadequate duty to perform for it, and these arrangements were discontinued and each branch and the Mother Bank were left to take such steps in each case, as the case itself required. This was an experiment, adopted for the time, and to last no longer than it worked well, or until the Legislature should provide for the exigency, to which their attention has been repeatedly called.

In both systems, that of employing the Attorney General and Solicitors only, and that last resorted to, we found great practical difficulties.

The Solicitors were but five in number, while the judicial districts are twenty-nine, giving five or six districts to each. As each had his place of residence, it is clear that in other districts he must commit cases to others, partners or friends; or leave them, in many respects, exposed to accidents and losses, which a more immediate and active supervision would often prevent. Under these circumstances, to obtain regular, full and satisfactory reports of our cases after each term, showing their condition, what has been done, and what omitted to be done in each, has been found impracticable.

The relation which exists between the Bank and its attorneys and solicitors, is not, in some respects, different from that existing between attorneys and private clients. It has been supposed by many, that the bonds of the Attorney General and Solicitors would cover any responsibilities they might incur in transacting the business of the Bank. The fact is not so. The employment of these officers by the Bank, is exactly on the same footing with the like relations with any other members of the bar.

With these explanations, I will turn to the system which my judgment suggests as calculated to work most for the welfare of all concerned.

I propose, in the first place, that the Bank be allowed to select an attorney and solicitor for the mother Bank in Charleston, and one for each of the Branches, who shall be officers of the Bank, and give adequate bonds and security for the faithful discharge of their duties. That the Board shall have power to make, from time to time, regulations defining their duties and enforcing their performance. That all suits and legal services shall be performed at fixed rates of compensation or for a salary. To enable these three officers to do all the legal services of collection, they should be allowed to bring their suits in the courts of the Districts in which the contracts shall be made, or may mature, under such regulations as would protect the defendants from any surprise or other disadvantage.

A requirement to serve the party with the writ, would obviate the first, and a power to the judge, on good cause shewn, to order the case to be tried in another district, would answer the last.

In suggesting this plan for consideration, I should point out its mode of

operation upon the public interests. By this arrangement all the suits which the Bank found it necessary to institute for collecting its debts, would be in the hands of three officers of the Bank and Branches, responsible directly to them by tenure and bond of office. These officers, residing at the locality of the Bank or Branch with which they were respectively connected, would at all times be prepared to give proper information, or to receive instruction in every case and emergency. The business thus concentrated, would be worth the attention of the best counsel, and with the services of such agents so devoted to the cases of the Bank, a perfect supervision in every case and every part of the State can be obtained.— This supervision may be rendered as perfect to us at the mother Bank for the cases in suit from the Branches, as for those of the mother Bank itself. This we would effect by requiring from each of the Bank attorneys, full reports in every case in his hands at the end of every circuit, or twice a year. The attorney of the Mother Bank reporting to its Board, and the attorney of the Branch, not only to the Branch, but in duplicate to the Mother Bank.

The forms of these reports can be easily arranged to draw out every thing done during the term in each case, and they can be condensed in books for the purpose, with indexes to the cases, affording at a glance all the information that the Board may desire, or any committee of the Legislature may require in every case put in suit.

In these books the instructions given by the President or Board, as well as the measures taken by the attorney, may all be embodied.

I feel persuaded, that with such regulations, far more promptitude and efficiency in securing and collecting our debts would be obtained.

But it may be objected that this is a novel practice, and partial to the Bank of the State.

The answer is obvious. It is not novel in principle, although it is somewhat in the mode proposed to apply it.

In the original charter, to obtain a loan it was required, in one class of cases, to lodge a power of attorney to confess judgment on default of payment, (Comp. p. 4.) This does not propose to go so far, and does not exclude a defendant from making a defence, as that did, nor from having the case removed for trial to his own District, on a reasonable showing, where such a change of venue is necessary to his defence. It becomes a part of the arrangement, when the money is borrowed, that the borrower will not put the Bank to the great trouble, expense and delay of following him into a distant District and Court, to obtain its own, in the event of his default.

But it is said, that this measure would be partial and an advantage to this, over other Banks. If it were an advantage given to one private corporation over another, the objection would have far more force; or even if the private Banks entered with us into that system of loans, to the citizens all over the State, which they wholly reject, and leave to this Bank alone, then too, there would be unfairness in denying them a similar privilege in collections; but while they take none of those burthens on their shoulders which our charter, the public will and the laws impose on us, they surely have no cause to complain, that while such duties are imposed on the Bank of the State, the means are accorded to it to discharge these duties in a manner most conducive to the public interest. But there is another reply; the privilege asked for, is not against, but for, the public. It is for the protection of the interests of all and every one of the body politic. And in her system the State recognizes a principle by her laws, that gives to

herself, to the commonwealth, advantages which she concedes to no private interests; thus she allows no statutes of limitation to bar her rights, and in the distribution of the estates of deceased persons, she claims and enforces a preference for her own demands against all others.

The interests of the public are higher, and entitled to more consideration than those of individuals, and even if there were no such duties imposed on this Bank as those which I have shown compel it, by the spirit of its charter and the object of its establishment, to extend its accommodations all over the State, still, as a public property, as an interest wholly belonging to the people at large, it should, for their advantage, have every means given it to protect its business, to make it safe, profitable and useful.

#### V. QUESTION.

Does the circulation of this Bank depend, for its maintenance, on the same principles as that of the private Banks; or is there anything which modifies or affects it differently?

#### ANSWER.

The circulation of Bank notes is maintained by the credit of the institution which issues them, and the share or proportion of notes which each Bank can keep in general circulation, will, in a common way, be in something like a fair proportion to the credit it has with the public. This credit is again based upon and maintained by the capital, management, and ultimate resources to redeem its circulation. By its management, I mean the business it transacts, including its points of transaction and the mode of transacting it.

All our Banks have good capital, and have, by the fidelity and probity of their management, justly preserved the confidence of the public, and enjoy in their full degree, these elements of credit. In some respects these elements apply to a greater extent to this Bank, and give it proportionally an advantage.

In the first place, having, at Charleston, Columbia and Camden, three important points of business, it extends more widely its facilities for purchasing the produce and aiding the commercial exchanges of the State.— This puts a larger amount of its notes afloat; the redemption of which is provided for by the bills of exchange taken for them, which are drawn on the produce itself, and otherwise made secure—a business of great profit to the Bank and utility to the community.

In the next place. Beyond those resources which the Bank has within itself to convert its notes into coin, the State has added its pledge, in case of its failing, that it will pay off all its liabilities. This is a resource far beyond the limited liability of stockholders in the private Banks. There is no probability of ultimate loss on our notes, which gives them, in the estimation of many, and for many purposes, the highest value that can be imparted to bank paper. We have many evidences that they are preferred by many who do not wish to spend or deposit their money, but hoard and keep it themselves, in applications for large notes for that purpose, and in the fragments of notes partially destroyed in such hoards, brought in to be redeemed or replaced. The wide field we occupy through our branches and connexions with the State, the nature of the operations I have explained, and the fact that the State stands pledged for its obligations, gives



its paper not only a free circulation in the State, but a high credit in the adjoining States. There being no fear of any ultimate loss on its bills, they hold their own at all points; and although in all times they will bear their proportion in being returned on the bank for commercial purposes, in times of panic they will not be as rapidly returned from apprehensions of failure. In fact, when there is fear of bank failures, the circulation and deposits of this Bank are less affected by these kinds of alarms. We have at such times found its deposits increased, from the confidence reposed in the State; while the credit of its paper has not been depreciated.

#### QUESTION.

If you can maintain a circulation larger than the private banks in proportion to capital, can you do so safely?

#### ANSWER.

I have above expressed the opinion, that this Bank can maintain a larger circulation in proportion to capital, than a private Bank, and I feel warranted in adding that it can do so safely. The ability of a Bank to keep a circulation out, depends on its credit, and while it maintains that unimpaired, and makes a fair use of it in safe business, to provide adequate resources for redeeming its obligations, that credit will not be affected injuriously with intelligent men. An instance in point exists in the business of the last year. At Columbia, during the season for buying cotton, we discounted \$1,500,000 of cotton bills, or domestic exchanges, giving that amount of our notes for circulation to the merchants. Besides being drawn on the cotton itself, these exchanges were made more safe by indorsements there, and by the acceptances and guaranties of factors who received and sold the cotton here.

It was clear that these transactions aided the commerce and industry of the State, realized a good profit to the Bank, and obtained, in these exchanges, or cotton drafts, a fund equal to specie, to meet and redeem the notes of the Bank put into circulation to discount them. We were not sensible of any injurious effect on our credit by the operation, while we have felt that it added to our strength and usefulness. Our branches enable us to do this business more safely and extensively than agencies, and we have thus an advantage in this respect over the private Banks\*

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\*NOTE.—In further explanation of the operation of the Bank, it may properly be noted here, that the board believed the utility of the Bank and the true principles of banking, called for the most active employment of its capital and credit, which was compatible with safety—that the interest of the commonwealth in all its classes and employments was best subserved by affording the greatest accommodations and facilities for the transactions of business, consistently with this principle; and that by converting the produce of the country into specie or specie funds to redeem them, we could safely extend the circulation of our notes for that purpose; we acted accordingly, and gave our notes to the merchants to pay for the cotton and other produce, taking their cotton drafts or exchanges in return, and out of their proceeds purchased domestic and foreign exchanges and specie to protect or redeem our paper. We have accordingly, during the year, purchased by these means, of northern and foreign exchange \$1,214,363 27,

But the history of the past shows that even without these resources, the Bank has had, in its nationality as the institution of the State, a vast source of strength. Aided by this, and by the deposits of taxes and public officers, its discount line has given it power to ride through very stormy periods in safety, meeting and redeeming its circulation as promptly as presented, and establishing its credit on the strong foundations of public confidence. In considering these elements of credit and means for redeeming our circulation, a word or two regarding the discount line, may not be out of place. I am aware that there are many who do not attach much importance to a discount line as a means of meeting and redeeming its circulation. As a sole reliance, it would not prove an adequate provision; and especially would it prove delusive in a panic. The resources of Banks consist of specie, specie funds, and notes or bills discounted, bonds and stocks. These are not equally convertible at a moment's warning, but it must be borne in mind, that all the liabilities of a Bank are not likely to be presented at once. They come in, usually, in such a way as to allow time to call in the resources of a Bank to meet them. There is almost always some warning and time for preparation. The first demands are met by specie, or specie funds on hand, and then by their other resources, which are called in as rapidly as the exigency requires. At such times, stocks are not always found reliable; in times of prosperity, they are high and can be readily sold; but when adversity comes they feel its first touch—confidence in them wavers, and they fall in market—to rely on them too far is not safe—but in such cases we have always found our discounted notes and bills much the most available.

From 1818 to 1821, a general commercial embarrassment of fearful character, was aggravated by the selfish exactions of the United States Bank, which drained all of our Banks of their specie to send it to Philadelphia. The discount line alone enabled this Bank to sustain itself. (See President Elliott's Reports, 1819, and 1824.)

The revulsion of 1823, and that of 1837, were periods of like trial; the latter was extended through 1839-40, when it attained a power in its intensity and concentration on this Bank, which no other institution in the State has encountered. For a full exposition of these circumstances I refer you to the annual Bank report of 1840. In all these periods, and in the last especially, the circulation was redeemed, the deposits paid, and

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and provided also, chiefly from New York and England, \$811,864 35 in coin, of which over one-half was imported from England. With these means, we have had very ample supplies of specie and specie funds to protect and maintain the credit of our paper.

It has been judged most for the public interest to import the precious metals requisite for our purposes, from those commercial points at a distance, to which we send our staples, as it in effect converts them into specie or specie equivalents here, imparting a healthy and vigorous vitality to our operations and the business of the country. If all our Banks acted on the same principle, and in a like degree, the country would be provided in any emergency with a sufficiency of coin to protect its circulation and business from the disastrous effects of sudden revulsions. Some act fairly up to the principle, while some rely on the supplies they can pick up in

the credit of the State protected and sustained, almost exclusively by the assistance of the discount line. A heavy public debt of \$800,000, fire loans, State expenses, and circulation, were paid off to the amount of a million and a quarter of dollars, by means, the greater part of which came from the bonds, notes and bills discounted.

Besides the facts above stated, I oppose to the opinions of those who undervalue this resource, the opinion of one who thoroughly understood this subject, having added to its study an enlightened experience that gave to his views the highest authority of wisdom. In his celebrated report of 1819, Mr. Elliott, in treating on this subject, says:

"We may now perceive how idle is much of the clamor which has been lately excited about Banks. In many cases, the debts due to a Bank, the notes which it has discounted, and for which its paper has been actually issued, have been considered in the estimate made of the situation of a Bank as of no importance. One would suppose, from some views taken of the subject, that the property of the country had ceased to bear any value, that every man was in a state of insolvency. We believe that if causes should suddenly occur to produce what is called a run upon Banks, that is, if all the paper issued by a Bank should be brought back to it, and payment unexpectedly and immediately demanded, no institution doing business actively, has ever been prepared to meet such a pressure. Banks, like individuals, make their calculations upon the ordinary occurrences of life, and do not feel themselves obliged to be prepared at all times to meet those events which may never happen. They make, generally, liberal provision for the contingencies that are probable, and beyond them calculate that they shall always be able to collect their debts as rapidly as circumstances may require. Extraordinary events may baffle their expectations, because it will commonly happen that the same causes which produce great and general pressure on the Banks, create an equal pressure on the individuals who are indebted to them. Embarrassments of this kind are very far and very different from a state of insolvency."

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the domestic market, or procure from the others. There is not only unfairness in this, for all should contribute to keep up the supply, but in times of scarcity and panic, it will be a disturbing cause that will aggravate commercial embarrassments, increase the pressure on and from the Banks, and enhance the probabilities of suspending specie payments—the latter circumstance being the more likely to occur, as from its commercial position, Charleston must hereafter always be a point on which the interior towns will accumulate balances, and draw, or be enabled to draw, on her banks for specie—a liability which will be increased exactly in the ratio that her rail road communications extend her commerce into Georgia, Alabama, Tennessee, North Carolina and other parts, and make her the recipient of their produce and trade.

It may be asked, is there any remedy for this? The remedy lies partly in the power of those who manage the Banks themselves—a change of their system—and partly, perhaps, in the power of the Legislature. If a law was enacted to prevent any Bank from paying out or passing off the notes of any Bank but its own, each then would be under the necessity of ceasing business, or doing it with its own notes, and of providing specie to

VI. QUESTION.

Is the amount charged on the Dr. side of your general account as "Bank notes issued," the amount in actual circulation?

ANSWER.

No. By looking on the Cr. side of the general statement, you will see "Bills of this Bank," and the sum opposite that entry is the amount of the notes charged as issued, which are in the hands of the Cashier and Tellers, and not in circulation. To this is also to be added what is at the branches, which is charged in our accounts as in circulation from the time we send it to them; and that, too, notwithstanding large amounts of them lie there unemployed, and not out against us in reality as a liability.

VII. QUESTION.

Have all the notes which the Bank has issued from the commencement of its existence been charged against it in the statement of issues? Or has any deduction or credit ever been made for what may have been lost or destroyed?

ANSWER.

Every note the Bank has ever issued is charged against it. They amount in the aggregate to.....\$6,416,427 18  
Of these there have been cancelled and burnt up to the 1st

Oct, 1847.....4,854,390 80

Balance as charged in the general account.....\$1,562,036 38

redeem the full share of the general circulation composed of its own notes, giving thereby a wider basis of security for a sound currency, for the prevention or suspension, and for the ultimate redemption of all the Bank paper in circulation. Our views on these points have been given heretofore in 1840, 1841, and 1842, in the annual reports, to which I beg leave to refer you. We have seen no cause to change them since.

The policy of providing by purchase in the regular way of commerce, specie and specie funds, has always been that regarded and acted on, as the true one in this institution. President Elliott, in his report of 1819, states that except the very small sum of \$60,000 drawn at the first organization of this Bank in 1813, "to meet any demand which the exigencies of the State during the continuance of the war might require," "we have never knowingly or intentionally drawn one dollar from the vaults of any other Bank." He believed that all specie brought in from abroad, was capital added to the common stock of the country—that all the Banks had a common interest and ample field to employ their capital, and should not prey on each other; and concludes, "we felt, therefore, no wish to cramp or cripple the operations of other institutions; we were rather gratified that the State should enjoy the full advantages of all its pecuniary resources. We consequently drew from the commerce of the country, not from its Banks, the specie which appeared to be necessary to support the credit of our paper."

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In this balance, no allowance or credit has been made for any notes lost or destroyed, except those which have been redeemed, cancelled and destroyed by the board of directors at the Bank, and which are regularly recorded.

#### QUESTION.

Is there any reason for believing that any considerable portion of those charged in your general statement are destroyed, or will never be presented for payment?

#### ANSWER.

There are good reasons for believing that a very considerable portion of the notes issued by the Bank and charged against it as liabilities, are destroyed and will never be presented for payment. An amount more than equal to any debts due to the Bank which are in the least degree questionable.

In 1839 and '40, a test was applied, which if it did not afford conclusive proof of the extent of the loss on the notes put in circulation, gives some data for approximating it. All the city Banks, except those of the State and the Charleston Bank, had suspended specie payments. Specie was worth three per cent. more than the notes of the suspended institutions. All ordinary business payments were made in their paper, while the notes of the specie paying banks came back upon them in an incessant stream to draw specie. The taxes were, by law, to be paid in specie, or in the notes of specie paying banks, and collected in all parts of the State large amounts of our notes which were brought in to us. We were compelled to collect from our discounts, in less than six months, over six hundred thousand dollars, besides calling in heavy payments on bonds, considerable portions of which were paid in our own notes. By these means the notes standing charged as issued by the bank, from the beginning to that day, and amounting to upwards of \$5,000,000, had all been returned and redeemed, except \$339,000. Of these, it was a rare incident to meet one as large or above the denomination of five dollars, in circulation; and it was then believed, (and we have seen no reason since to question the correctness of that belief,) that much the greater part, at least 200,000, had been utterly lost and destroyed.

The bank commenced its issues in 1813, thirty-four years ago. It issued then, notes of denominations from \$100, down to 6½ cents. A large proportion was of \$5, 2, 1, 50-100, 25-100, 12½-100, and 6½-100. The issuing of Bank Notes under \$5, was forbidden to any other bank, corporation or individual. These small notes entered largely not only into the circulation of this State, but of the adjoining States, and were to be met, as are now those of and above \$1, all over this and the neighboring States. I have had a table prepared, showing, of the issues of the several plates of each denomination, the balance out on the 1st October, 1841, and what has been brought in and cancelled each two years afterwards, to the 1st of October, 1847.

By carefully examining this table, the Committee will see that of the earlier issues, very few, especially of the denominations of and under \$5, have come in; the amounts diminish at each biennial balancing. Of the notes of \$5 plate, No. 1, the balance out is charged at \$11,045—the last issue was in 1822, and for two years past only \$100 have been presented. So of plate No. 1, of \$2, the balance out is charged at \$10,263, the last

issue was in 1824, and for the last six years only \$32. has been presented. So of plate No. 1, of \$1, the last issue was in 1830; the balance now charged, \$17,266, and for two years past only \$30 have been presented; and finally, of the notes under \$1, the balance charged is \$78,395,38, while the amount presented for the last two years, is only \$170,62.

A constant observation has been kept over these issues, with a view to form some idea of the probable amount which may be considered as lost, and to that extent a gain to the Bank. The wide area of their circulation, the many hands they have passed through, the destructibility of the material, and the inconvenience which would attend the returning on the Bank the mutilated notes of small denominations, and their consequent liability to entire destruction, have all been considered, and they all concur in leading the mind to the conclusion, that very few of them remain in existence; a conclusion which accords with the constantly diminishing amounts of each returned on the Bank for redemption. I feel, therefore, fully warranted in the opinion, that \$200,000 or more, are now totally destroyed, and cannot ever be presented against the Bank, constituting a clear gain to that extent. But this would be too limited a view of the probable gain on the issue now out. A considerable loss on that must occur before it is ever brought in from the wide rounds of its circulation.

The whole profit from the losses already made, and that which will enure on the notes now out, will, in all probability, not be less than \$250,000; a sum more than sufficient to cover and make good any deficiency, if any existed, in the means of the Bank. None such, however, exists that are not provided for out of each year's profits, so as to keep the capital unimpaired, and therefore this sum from lost circulation, may be fairly considered a profit realized.

Respectfully submitted,

F. H. ELMORE, *President.*

*Statement of the issues of the Bank of the State of South Carolina, from June 1st, 1841, to Oct. 1st, 1847.*

Balance of bills of \$100, No. 1, signed by S. Elliott.		2,500
First issue 1817, last 1823.		
Bal. of bills of \$100, No. 1, signed C. J. Colcock.	11,400	
Cancelled in 1844.	900	10,500
First issue in 1830.		
Bal. of bills of \$100, No. 2.	24,100	
Cancelled in 1844.	1,100	23,000
Issued in 1831.		
Issue of bills of \$100, No. 3, seven half sets.	140,000	
Cancelled in October, 1847.	100	139,900
Issued in 1844, last 1847.		
Issue of bills of \$50, No. 1, seven half sets.	70,000	
Cancelled to 1st October, 1847.	50	69,950
First issue 1844, last 1847.		
Bal. of bills of \$20, No. 1, signed S. Elliott.	52,000	
Cancelled to October, 1843.	8,000	
do do 1845.	1,700	
do do 1847.	1,300	11,000
First issued 1813, last 1830.		41,000
Bal. of bills of \$20, No. 1, signed C. J. Colcock.	33,010	
Cancelled to October 1843.	4,000	
do do 1845.	580	
do do 1847.	360	4,940
All issued in 1830.		28,070
Issue of bills of \$20, No. 2, three sets.		24,000
First issue 1844, last 1847.		
Bal. of bills of \$10, signed S. Elliott.	5,120	
Cancelled to October, 1843.	1,840	
do do 1845.	960	
do do 1847.	160	2,960
First issue 1814, last 1820.		2,160
Bal. of bills of \$10, signed S. Elliott.	40,780	
Cancelled to October, 1843.	8,050	
do do 1845.	10,790	
do do 1847.	1,350	26,190
		14,590
Bal. of bills of \$10, No. 2, signed C. J. Colcock.	70,000	
Cancelled to October, 1843.	3,000	
do do 1845.	18,710	
do do 1847.	1,290	23,000
First issue 1831, last 1833.		47,000

TABLE CONTINUED.

Bal. of bills of \$10, No. 3.....	52,005	
Cancelled to October, 1843.....	70	
do do 1845.....	410	
do do 1847.....	1,080	
First issue in 1835, last, June, 1841.....	1,560	50,445
Issues of bills of \$10, No. 4, seventy-five sets.....	300,000	
Cancelled to October, 1847.....	1,740	298,260
First issue 1843, last 1847.....		
Bal. of bills of \$5, No. 1, signed S. Elliot.....	11,915	
Cancelled to October, 1843.....	520	
do do 1845.....	250	
do do 1847.....	100	
First issue 1813, last 1822.....	870	11,045
Bal. of bills of \$5, No. 2, signed S. Elliott.....	118,342	
Cancelled to October, 1843.....	61,130	
do do 1845.....	42,925	
do do 1847.....	2,515	
First issue 1823, last 1830.....	106,570	11,772
Bal. of bills of \$5, signed C. J. Colcock.....	6,100	
Cancelled to October, 1843, nothing.....		
do do 1845.....	2,595	
do do 1847.....	545	
Issued 1832.....	3,140	2,960
Bal. of bills \$5, No. 3.....	26,000	
Issued to October, 1843.....	40,000	
do do 1845.....	42,000	
	108,000	
Cancelled to October, 1843.....	35	
do do 1845.....	4,450	
do do 1847.....	12,185	
	16,670	91,330
Issue of bills of \$5, No. 4, 160 sets.....	320,000	
Cancelled to October, 1843, nothing.....		
do do 1845.....	450	
do do 1847.....	2,015	
First issue 1843, last 1847.....	2,465	317,535
Bal. of bills of \$2, No. 1, signed S. Elliott.....	10,295	
Cancelled to October, 1843, nothing.....		
do do 1845.....	12	
do do 1847.....	20	
First issue 1813, last 1824.....	32	10,263



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-TABLE Concluded.

Bal. of bills of \$2, signed S. Elliott-----	26,847	
do do do C. J. Colcock-----	1,560	
	28,407	
Cancelled to October, 1843-----	6,560	
do do 1845-----	1,204	
do do 1847-----	300	8,064
First issue 1824, last 1837-----		20,343
Bal. of bills of \$2, No. 3-----	122,892	
Cancelled to October, 1843-----	41,400	
do do 1845-----	29,298	
do do 1847-----	26,524	97,222
First issue in 1834, last in 1841-----		25,670
Issue of bills of \$2, No. 4, 130 half sets-----	52,000	
Cancelled to October, 1845-----	3,616	
do do 1847-----	9,300	12,916
First issue 1844, last 1847-----		39,084
Bal. of Bills of \$1, No. 1, signed S. Elliott-----	18,340	
Cancelled to October, 1843-----	660	
do do 1845-----	384	
do do 1847-----	30	1,074
First issue 1813, last 1830-----		17,266
Bal. of Bills of \$1, No. 1, signed C. J. Colcock-----	9,230	
Cancelled to October, 1843-----	1,200	
do do 1845-----	350	
do do 1847-----	60	1,610
First issue 1831, last 1834-----		7,620
Bal. of Bills of \$1, No. 2-----	80,784	
Issued to October, 1845, twenty-one sets-----	8,400	
do do 1847, twenty-nine, or-----	11,600	
	100,784	
Cancelled to October, 1843-----	46,000	
do do 1845-----	32,434	
do do 1847-----	12,811	91,245
First issue 1834, last 1841-----		9,539
Issue of Bills of \$1, No. 3, 243 sets-----	97,200	
Cancelled to October, 1843-----	400	
do do 1845-----	6,623	
do do 1847-----	20,486	27,509
		69,691
Issue of Bills of \$3, No. 1, 130 half sets-----	78,000	
Cancelled to October, 1843, nothing-----		
do do 1845-----	1,554	
do do 1847-----	8,268	9,822
		68,178
Bal. of Issues \$1 and upwards, 1st October, 1847-----		1,453,671

*Statement of the Issues of Change Bills, to Oct. 1, 1847.*

Bal. of Issues of 50-000, Plate, No. 1, June 1, 1841.....	12,116 00	
Cancelled to October 1, 1843.....	2 00	
do do 1845.....	23 00	
do do 1847.....	1 50	26 50
First issue 1815, last issue 1823.....		12,089 50
Bal. of issues of 50-100, No. 2, June 1, 1841.....	12,669 50	
Cancelled to October, 1843.....	575 00	
do do 1845.....	98 00	
do do 1847.....	22 00	695 00
First issue 1823, last issue 1830.....		11,974 50
Bal. of Issues of 50-100, No. 3, June 1, 1841.....	13,352 00	
Cancelled to October 1, 1843.....	2,290 00	
do do 1845.....	397 00	
do do 1847.....	73 00	2,760 00
First issue 1831, last issue, 1838.....		10,592 00
Bal. of Issues of 25-100 No. 1, June 1, 1841.....	9,436 25	
Cancelled to October, 1843, nothing.....		
do do 1845.....	2 25	
do do 1847.....	50	2 75
First issue 1815, last issue 1823.....		9,433 50
Bal. of issues of 25-100, No. 2, June 1, 1841.....	8,757 75	
Cancelled to October, 1843.....	75 00	
do do 1845.....	41 00	
do do 1847.....	8 25	124 25
First issue 1823, last issue 1830.....		8,633 50
Bal. of issues of 25-100, No. 3, June 1, 1841.....	12,356 88	
Cancelled to October, 1843.....	1,650 00	
do do 1845.....	330 75	
do do 1847.....	64 50	2,045 25
First issue 1831, last issue 1839.....		10,311 63
Bal. of issues of 12½-100, No. 1, June 1, 1841.....	790 00	
Cancelled, none.....		790 00
Issued in 1815.....		
Bal. of issues of 12½-100, No. 2, June 1, 1841.....	9,478 38	
Cancelled to Oct. 1, 1843.....	4 00	
do do 1845.....	4 69	
do do 1847.....	87	9 56
First issue 1815, last issue 1824.....		9,468 82
Bal. of issues of 6¼-100, No. 1, June, 1841.....	628 50	
Cancelled, none.....		628 50
Issued 1815.....		

Bal. of Issues of 64-100, No. 2, June 1, 1841-----	4,474 74	
Cancelled to October 1, 1843, none-----		
do do 1845-----	1 31	
do do 1847-----		1 31
First issue 1815, last issue 1823.-----		4,473 43
Bal. of Issues of Change Bills, Oct. 1, 1847-----		\$78,395 38

*Statement of the issues of bills of one dollar and upwards, made payable at Columbia, S. C.*

Bal. of bills of \$10, No. 3, June 4, 1841-----	10,200	
Cancelled in 1846-----	230	9,970
Issued in 1832-----		
Bal. of bills of \$2, No. 3, June 1, 1841-----		11,200
First issue 1839, last 1840-----		
Bal. of bills of \$1, No. 2, June 1, 1841-----		8,800
First issue 1839, last 1840-----		
October 1, 1847-----		\$29,970

(1847.)

### REPORT OF THE JOINT COMMITTEE,

*To examine the Branch Bank of the State, at Columbia.*

The Joint Committee appointed at the last session of the Legislature, to examine the affairs of the branch of the Bank of the State at Columbia, begs leave to report,

That they have fixed on the 30th of September, 1847, the end of the fiscal year, as the time at which they propose to exhibit the condition of the institution. The annexed exhibits, A and B, will show its condition at that time, and profits made for the preceding fiscal year. It will appear that its profits this year, carried to the credit of the parent Bank on the 1st October, 1847, amounted to the sum of fifty-five thousand and eighty-six dollars and eleven cents, after deducting seven thousand, six hundred dollars, amount of officers' salaries, and eight hundred and ten dollars and thirteen cents, amount of incidental expenses. This is the largest amount of annual nett profit which has ever been made by this branch from 1815, with the exception of the year 1831. In looking to the profits of this branch, it will be considered that this is not a Bank of issue, it is a mere agency of the parent Bank, and is entirely dependent upon it for its capital. It cannot, like other Banks, issue bills to three times the amount of their capital, upon which to operate, and by which to enlarge its profits. The capital of this institution is so much in Bank bills loaned by the parent Bank. Upon this indebtedness, together with the treasury deposits, and individual deposits, are based its banking operations. The treasury deposit, however, is constantly fluctuating in amount. Often the branch is largely in advance to the Treasury till the month of June, when

taxes are paid in by the tax-collector. The amount of indebtedness, therefore, to the parent Bank, may be assumed as the capital upon which its banking operations are based. Upon this capital, after payment of salaries and expenses, more than 6 per cent. has been realized for the past fiscal year.

The committee further report, that their attention was directed to an examination of the schedule of bonds and the bill ledger for notes discounted, as upon the character of this paper depends the soundness of the institution. It is impossible for a committee to arrive at any positive knowledge upon this subject; but from all the information accessible to the committee, they are entirely satisfied of the sufficiency of the securities held by this branch. That class of paper which comes under the denomination of suspended debts or notes in suit, is of course excepted from this remark, though we are assured by the able officer at the head of this branch, that in the amount of the suspended debt of thirty-three thousand five hundred and forty-six dollars now in suit, he does not class as "doubtful" more than twenty-three hundred dollars. Of this amount in suit, we are informed by the officers, that ten thousand four hundred and ninety-five dollars and twenty cents has been received by the Bank; that they have been notified of the collection of one thousand six hundred and eighty-four dollars more, and that the balance, save the item of twenty-three hundred dollars, classed as doubtful, is perfectly secured.

Of the amount of nine hundred and forty-one thousand seven hundred and eighty-eight dollars and sixty-seven cents discounted upon notes, the sum of four hundred and sixty-six thousand eight hundred and twenty-nine dollars have been discounted upon four hundred and four (404) new notes during the past year. Of this amount, three hundred and thirty-one thousand five hundred and eighty dollars have been paid in during the year, and about two hundred thousand dollars have been received on the reduction of all notes. Your committee were pleased to be informed, that this branch have adopted a rule, requiring old notes to be renewed every sixty days, with payment of interest in advance up to the next renewal successively, and semi-annually a payment of ten per cent. upon the principal, thus calling in an annual payment of twenty per cent. Your committee recommend a continuance of this salutary rule. The number of persons appearing to be accommodated by this branch, are eight hundred and one. This seems to be a diffusion of its benefits to the public, whose institution it is.

It may be proper here to remark, that the directors appear to be indebted to the branch Bank, one hundred and twenty-six thousand one hundred and thirty-four dollars (\$126,134); and the officers sixteen thousand eight hundred and sixty dollars (\$16,860.) These debts appear to the committee to be as fully secured as any other debts on the bill ledger.

Your committee directed their attention to the draft business of this branch, and were gratified to find, that out of the very large amount of business done, in the aggregate, one million six hundred and seventy-eight thousand three hundred and forty-four dollars and nineteen cents; all were paid at maturity, except one draft of eight hundred dollars, the parties to which have been sued, and are represented to be good for the debt.

In conclusion, the committee take pleasure in expressing their approbation of the prudence and integrity with which the affairs of this institution have been managed for the past year.

All which is respectfully submitted.

BENJ. C. YANCEY, Ch. of the House Com.

A.  
*Monthly statement of the branch of the Bank of the State of South Carolina at Columbia, of the 1st October, 1847.*

1847.		1847.			
October 1.	Amount due parent Bank.....	\$984,596 89	October 1.	Amount of notes discounted.....	\$941,788 67
"	" Merchants Bank, N. Y.....	30,429 05	"	" Bonds.....	60,507 65
"	" Treasury.....	37,610 89	"	" Drafts.....	135,145 00
"	" Branch Bank, Camden.....	38 87	"	" " Protested.....	800 00
"	" of Discount account.....	49,253 45	"	" Officers' salaries.....	7,600 00
"	" Interest on bonds.....	2,301 17	"	" Incidental expenses.....	810 13
"	" " Bills.....	11,018 74	"	" Cash.....	73,548 08
"	" Premium on foreign bills,.....	336 88			
"	" Protest account.....	586 00			
"	" Personal deposits.....	104,127 59			
		<u>\$1,220,299 53</u>			<u>\$1,220,299 53</u>

B.  
*Showing the profits of the branch of the Bank of the State of South Carolina at Columbia, for the fiscal year, ending the 30th September, 1847.*

Dr.		Cr.	
To discount account.....	\$49,253 45	By officers' salaries.....	\$7,600 00
" Interest on bonds.....	2,301 17	" Incidental expenses.....	810 13
" " Bills.....	11,018 74	" Net profits carried to the State of S. Carolina.....	55,086 11
" Premium on foreign bills.....	336 88		
" Protest account.....	586 00		
	<u>\$63,496 24</u>		<u>\$63,496 24</u>

(1847.)

REPORT OF THE JOINT COMMITTEE ON THE BRANCH  
BANK AT CAMDEN.

The Joint Committee appointed in December, 1846, to examine the Branch Bank of the State of South Carolina at Camden, ask leave to submit the following report:

That they proceeded to discharge the duty assigned them, on the 5th of October last, and with the aid of the presiding officer of that institution, who cheerfully afforded them every facility, they were enabled to inform themselves satisfactorily in regard to its operations for the past fiscal year.

Assuming the indebtedness to the Bank in Charleston as returned to your Committee, as its average capital for the past year, the interest arising therefrom amounts to 5½ per centum, exclusive of the amount vested in the Banking House: a smaller profit than in previous years, which may be attributed in some degree to the fluctuations in the price of the great staples of the country.

The gross profits for the year ending the 1st October, 1847, amounted to \$30,355 11, and derived from the following sources:

On Discounts.....	\$23,702 11	
Exchange.....	1,595 57	
Northern Exchange.....	33 50	
Interest.....	4,899 79	
Protest.....	124 14	
		<hr/>
		\$30,355 11

From which deduct EXPENSES.

The salaries of officers.....	\$6,000 00	
Incidental expenses.....	441 12	
		<hr/>
		\$6,441 12

Leaving a nett balance of.....\$23,913 99

RESOURCES OF THE BANK.

Notes Discounted.....	\$386,037 00	
“ Protested.....	9,289 06	
“ in suit.....	7,240 00	
“ in judgment.....	27,260 03	
Drafts in Charleston.....	17,560 53	
Bonds.....	35,838 74	
Branch Bank of the State of South Carolina, at Columbia.....	38 87	
Merchants' Bank, New York.....	1,176 71	
U. S. Branch Mint, Charlotte.....	425 53	
Bills of Banks in this State.....	27,784 00	
“ of Banks of other States.....	5 00	
Specie.....	10,894 12	
		<hr/>
		\$523,549 50

Leaving a balance against the Bank for salaries  
of officers and incidental expenses, of

6,441 12  

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\$529,990 71

## 342    REPORTS OF INVESTIGATING COMMITTEES.

### LIABILITIES.

Debt due Bank State of South Carolina.....	\$461,491 25	
Individual Deposits.....	32,906 11	
Due Parent Bank on Sales of Property.....	5,238 24	
		<hr/>
		\$499,635 60
To which add the gross profits for the year, ending 1st October, 1847.....		<hr/>
		30,355 11
		<hr/>
		\$529,990 71

Your committee examined with minuteness, the various Bonds and Notes of the Bank, and as far as their information extended, believe them, with a few exceptions, to be good ; and generally, in comparatively small amounts, confined not to the District in which the Bank is located, but extending into the adjacent Districts : thus affording liberal facilities to those who seek them.

Your committee received important aid from the officers connected with this institution, and believe that its affairs have been generally conducted with ability and cautious liberality.

Yet they are constrained to say, that in a few instances, they found some liabilities of long standing, which your committee would recommend should be collected in such amounts as would not compel forced sales.

Respectfully submitted,

I. D. WILSON, *Chair'n of House Committee.*

REPORTS  
OF THE  
PRESIDENT AND DIRECTORS  
OF THE  
BANK OF THE STATE.

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(1813.)

*To the Honorable the Senate and House of Representatives, of the State of South Carolina:*

The President and Directors of the Bank of the State of South Carolina, respectfully report,

That in pursuance of the powers and directions contained in their charter, they convened early in January last, and took the most prompt and effectual measures in their power, to carry into effect the object of their appointment.

They immediately despatched an agent to Philadelphia, to procure the plates and paper necessary for their bills; and while awaiting his return, they made all the arrangements in this State, necessary for the commencement of their business.

From circumstances attending a state of war, which rendered it necessary that their agents should travel and transport all their materials by land, and from the accumulation of business in the hands of those artists who were most highly recommended, and whom alone they wished to employ, a delay beyond their expectations occurred, and it was not until the 9th of August, that they were able to commence the operations of the Bank.

Although from these causes, and from the number of plates, and the quantity of paper which were required by the fortunate privilege which had been extended to them of issuing small bills, the expenses incident to such an establishment have been increased, they feel a confident persuasion that their expenses, compared with the outfits of any similar institution in this city, would appear by no means disproportioned.

It would be incorrect to detail the transactions of an institution like this, to expose to rivals or enemies, its means, its resources, its business or wants, unless such a disclosure should be demanded by the Legislature. Statements of the general transactions of the Bank have been furnished to the Comptroller General, whenever they were required, and a statement of the sales of public stock made under the authority of our charter, was also rendered to him before the meeting of the Legislature.



After the experience of a few months, it would be premature to offer an opinion on the ultimate success of an institution, and it might appear presumptuous to anticipate results which, depending on facts, and not on opinion, must be left time for their ultimate determination. Yet the President and Directors have no hesitation in stating, that the operations of their Bank, as far as they have progressed, have been highly satisfactory, and justify the hope that the experiment will realize the reasonable anticipations of its friends.

If the Legislature should deem it advisable to continue and extend its patronage to this institution, the President and Directors beg leave to suggest the following circumstances to their consideration.

By the Act incorporating the Bank, the President and Directors were authorized to issue six per cent. stock, to the amount of three hundred thousand dollars, provided it could be sold at par; this sum was supposed to be nearly the amount of debt due this State by the United States, over and above the sum due by this State to its citizens. As the United States have, since that time, been disposing of their stock at twelve per cent. below par, giving one hundred dollars in six per cent. stock for eighty-eight in money, it was not to be expected that the six per cent. stock of this State could be sold at par; accordingly no sales have been made. In the mean time, however, the United States have been reducing the amount due the State, 1st. by paying annually two per cent. on the original amount of the debt, or 24,000 dollars per annum. 2dly. By paying quarterly on the reduced debt, the same amount of interest which was originally due, the balance of which sum over the interest now actually due, is applied to the extinguishment of the principal of the debt. This balance, on the 1st January last, was \$9,670 86; on the 1st April, \$10,187 33; on the 1st July, \$10,731 38; and on the 1st October, \$11,304 48; and on the principles of compound interest, is increasing quarterly. By these means, the balance, three hundred thousand dollars, will, in less than five years from the 1st of January, 1813, be extinguished, and if these sums are annually mingled with the revenue of the State, a very considerable portion of its capital may be expended incautiously, or perhaps without the Legislature being duly aware that it was the stock, and not the interest, the capital, and not the income of the State, which they were appropriating.

We wish, therefore, that the Comptroller General might be authorized and directed to transfer to the Bank, on account of its capital, all sums which may be received from the United States on account of the principal of their debt, and all sums which, though received nominally as interest, may operate to extinguish the principal of their debt.

The eleventh clause of our charter also provides, that all the unexpended money in the Treasury should be turned over to the Bank on account of capital, but as no time was specified in the charter, although the 1st October or the end of the fiscal year was evidently intended, no transfer has as yet been made. We beg to be excused for calling the attention of the Legislature to this subject. The object of this measure was to prevent unexpended money from accumulating in the Treasury, to give activity and value to any sums the State might at any time possess, and to increase gradually but effectually, the capital of the Bank, until it should be able to meet all the exigencies of the State.

As the Bank feels itself bound to meet the appropriations which may be made by the Legislature, no inconvenience can at any time result from

an annual transfer of the unexpended money; neither can the Legislature feel itself trammelled in any arrangement which in its wisdom it may choose to make; whilst some advantages might arise from an annual exhibition of the expenses of the State compared with its nett annual income, unmingled with the balances of its former years, or the redeemed principal of its capital stock.

The revenue arising from the funds which have been granted to the Bank, has been sufficient, with a very moderate tax, to defray the current expenses of the State; and so long as the Legislature shall forbear to trench on this capital, or shall have the magnanimity to make annual provision for the extraordinary expenditures that may casually occur, the same fortunate exemption from taxation may be transmitted to posterity; while, if this capital should be confounded with the current revenue of the State, and be employed to meet every extraordinary contingency, in a few years a tax double the amount of our present tax may become necessary to meet the annual and ordinary expenses of the government.

We trust that in our situation there can be no impropriety in submitting the foregoing observations. We have been the more earnestly induced to make them, from the recollection, that one of the strongest motives for the establishment of our Bank, springs from the desire of separating this capital more completely than it has hitherto been done, from the ordinary revenue of the State, of presenting it to the public eye in a more distinct and definite form, and of enabling the country to note with certainty its increase or its diminution.

By the 17th clause of our charter, certain officers were directed to deposit in this Bank the public money which should at any time be in their hands. We do not know that this provision has been evaded, but as we understand that a distinction has been made between public and private money—a distinction that would totally defeat the intention of the Legislature, we request that the clause would be so far amended, as to direct all the officers embraced by it to deposit in the Bank every sum of money which may be received in virtue of their offices, either in suits actually depending, or in consequence of decrees of the Courts of Law or Equity in this State; and in cases where the courts, either of Law or Equity, shall order sums of money to be invested in funds of a particular description, that the money, until the time of its actual investment, shall be deposited in the Bank of the State of South Carolina.

An opinion, we understand, has been expressed, that the repealing clause in our charter has removed from the other Banks the prohibition of issuing bills of small denominations, and though no practical use has been made of this opinion, we wish the Legislature to remove all doubts upon the subject.

We consider this privilege of very great importance to our institution—a source of profit, a means of extending its benefits and conveniences—and while we do not wish ourselves, and while we have the most entire confidence that the Legislature of our country have not the smallest desire to infringe the privileges of any chartered corporation, yet we deem it consistent with every view of policy and justice, to secure to a public institution like ours, every advantage which shall not encroach upon the rights of others. The emission of one and two dollar bills, although a subject of some complaint in the city of Charleston, has been called for by the

country with an almost united voice, and the extensive circulation in this State, of the small bills of the adjoining States, is itself a proof of the scarcity of a circulating medium, and an ample proof of the necessity and expediency of issuing, on the authority of the State, bills of similar denominations.

S. ELLIOTT, President.

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(1814.)

*To the Honorable the House of Representatives of the State of South Carolina:*

The President and Directors of the Bank of the State of South Carolina respectfully report:

That on the 1st October last, at the close of their fiscal year, after defraying the ordinary expenses of the institution, and after defraying all the extraordinary expenses attending the establishment of the principal Bank, and the branch at Columbia, under circumstances peculiarly unfavorable, they paid over to the Treasury, for the use of the State, the sum of \$3,325 20.

If this result should appear less favorable to the State institution than its friends had anticipated, the President and Directors beg leave to submit the following observations:

It is usual for a private Bank to commence its operations with as much business as its capital will actually bear. There are even some circumstances which give to its business an artificial accumulation. All the individuals who have invested property in it are interested in its success, and use some exertions to give activity to its capital. Many engage in it on speculation, and in order to sell their shares advantageously, endeavor to give artificial success to its early operations; and many persons who have subscribed for stock in the Bank, borrow from the institution itself, the money necessary to make their late payments. It therefore generally happens that their commencements are peculiarly prosperous.

But with this Bank there were no such favorable circumstances. No individuals were interested in its success. The mercantile interest of the State was rather hostile than friendly. The commerce of the country was in a depressed and declining situation, and the directory had to draw from the stagnating current of business, such portions as accident or friendship offered to their acceptance. Besides, from January to May, at that season of the year when commerce is most inactive, they were obliged to make very large advances to the State; and on the 1st of April, the day fixed by law for the balance in the Treasury to be turned over to the Bank, as capital, they had advanced to the State, including the direct tax, upwards of \$200,000.

Now although on the direct tax an interest was received, yet it was not equal to the profits gained by discounting notes to an equal amount, and to those acquainted with the operations of Banks, it will be obvious, that a large sum, such as the direct tax, placed to the credit of one individual,

and liable to be drawn at once, must cramp the operations of an institution, much more than a large amount distributed into a multiplicity of hands; and although this tax was ultimately drawn in a manner very favorable to the institution, yet the directors were in their arrangements obliged constantly to provide for the possibility of its being called for in one draft.

To this it may not be improper to add, that all the funds of the State, which have hitherto been applied to create the active capital of the Bank, would, if they had not been converted to this purpose, only have produced a revenue of \$8,330.

The Bank has commenced its second year under circumstances much more favorable, with a business equal to the funds of the institution, with the means of increasing it with the extension of its capital, and with the enjoyment of public credit and confidence to a degree highly advantageous. The Directors have a prospect of realizing some of the hopes which were entertained of this institution as a fiscal arrangement. If, however, in the present situation of our country, the Legislature should choose to avail itself of the credits and resources of the Bank, and make it an accommodation to the country rather than a source of revenue, if it should consent to exchange profit for convenience, there is no doubt that the Bank, without impairing its credit, or injuring its resources, can offer great facilities to the operations of the government.

The provisions of the Legislature have left to the Directors but little occasion to apply for alteration in their charter. Circumstances, however, occasionally arise which they consider it their duty to present to the view of the Legislature. It appears that the charter of the Bank has made no provision for supplying those vacancies in the direction, which occur by the omission of the Legislature to appoint a full Board of Directors. The power of filling up those vacancies devolves, according to the opinion of the Attorney General, on the Governor of the State, under his general constitutional powers. They merely state the fact, without intending to suggest any alteration.

It would facilitate the obtaining of loans in certain cases, if the Legislature would by law declare renunciations of dower legal, if dated before the mortgage, where on the face of the renunciation it was explicitly declared to be for the purpose of obtaining a loan from the Bank of the State of South Carolina, and on condition of such loan being obtained. At present, to render a renunciation of dower legal, a person after obtaining a loan, (if he resides at any distance from the Bank,) must take much unnecessary trouble; and the alteration proposed in our law, if confined to the single case of persons borrowing from the Bank, cannot, we believe, produce any inconvenience.

By order of the Board:

STEPHEN ELLIOTT, *President.*

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(1815.)

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South-Carolina, respectfully report:

That on the 1st of October, they paid over to the Treasurer of the Lower Division of the State, the sum of forty-eight thousand nine hundred dollars and seventy-one cents, to be applied to the current expenses of the State; this sum being the nett profits of the business of the Bank, from the 1st of October, 1814, to the 1st October, 1815.

By order of the Board:

STEPHEN ELLIOTT, *President*.

CHARLESTON, 15th Nov., 1815.

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(1816.)

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South-Carolina, respectfully report:

That on the 11th of October, they paid over to the Treasurer of the Lower Division, for the use of the State, the sum of sixty-three thousand and twenty-two dollars and eighty-nine cents, being the nett amount of the profits of the Bank for one year, ending on the 1st of October, 1816.

STEPHEN ELLIOTT, *President*.

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(1817.)

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South-Carolina respectfully report:

That on the 6th day of October they passed over on their books, to the credit of the Treasury of the Lower Division of the State, the sum of seventy-six thousand five hundred and seven dollars and ninety-one cents, being the nett amount of the profits of the Bank, for the year ending on the 1st of October, 1817.

The President and Directors think it also proper and necessary to inform the Legislature that in the course of the last summer, the lease of the house in which the business of the Bank had been hitherto conducted expired. As the situation of this building was not convenient to the commercial business of Charleston, as the vault was excessively damp, and unfit for the deposit and safe-keeping of papers of any description, and as it was impracticable to lease a building provided with vaults suitable for the uses of a Bank, it became necessary for the institution to purchase or to build. Under these circumstances, a convenient house, in an excellent situation, having been offered to the Bank at a reasonable price, the Directors determined to purchase. They have prepared this building for the use of the Bank and now occupy it. As all the expenses of repair and alterations, including the vault, are charged to the contingent expenses of the Bank, if deducted out of its profits, the capital of the Bank will have no other charge against it for this purchase than the sum of eighteen thousand dollars, the original cost of the house, and there can be no doubt that, with the great

improvements which have been made on the buildings, this sum may at any time hereafter be obtained for this property, whenever it shall cease to be required for the service of the State.

S. ELLIOTT, *President.*

(1818.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That on the 17th day of October, they transferred on their books to the credit of the State, the sum of one hundred and five thousand eight hundred and thirty-eight dollars and seven cents, being the nett amount of the profits of the Bank, from the 1st October, 1817, to the 1st October, 1818.

The President and Directors further report, that having adopted the principle of deducting annually from the profits of the Bank, an amount equal to any debt or debts which in the vicissitudes incident to a commercial community, the Bank may and must occasionally lose, they have replaced from their profits in the funds of the Bank, besides the sum carried to the credit of the Treasury, the amount of the only debt which they have yet ascertained to be bad ; as a reference to the Schedule marked "A," will more fully represent.

The charter of the institution having required that all the outstanding debt of the State should be redeemed by the Bank, before the end of the year 1824, the Directors considered the beginning of the last fiscal year, as a period favorable for the commencement of this operation, and accordingly proceeded, after due notice had been given, to redeem, on the 1st January last, all the outstanding deferred 6 per cent. stock of the State. Of this description of stock \$33,378 49 has been actually paid off; a small balance of \$3,295 04 still remains unclaimed, but can no longer bear an interest against the State.

The Directors then gave notice, that on the 1st July, they would redeem all the outstanding 6 per cent. stock of the State. Of this description of stock they have actually paid off \$140,057 38; a balance, amounting to \$3,837 90, which is no longer entitled to interest, remains unclaimed.

The Directors have also purchased from time to time, such certificates of the three per cent. stock of the State as have been offered at the price limited in the charter. Of this stock, \$5,820 20 were purchased prior to 1st October, 1818, and the Directors still continue, as opportunities occur, to make occasional purchases.

In pursuance of the joint resolution of the two houses, during the last session of the Legislature, the Directors have made all the preliminary arrangements necessary for establishing a branch of the Bank at Camden.—Believing, however, that a positive act of the Legislature was necessary to sanction such an establishment, they have postponed the appointment of officers, and the commencement of business, until such sanction could be obtained. If the Legislature should deem it proper to authorize the establishment of this branch, the Directors will adopt immediately measures to commence the operations of the branch, as soon as the pressure which now

exists on all of the Banks in the country, but particularly on the State Bank, shall be so far removed as to admit of an extension of business.

S. ELLIOTT, *President*.

(1819.)

*To the Honorable the Senate and House of Representatives of the State of South-Carolina.*

The President and Directors of the Bank of the State of South-Carolina respectfully report:

That on the 8th of October they transferred to the credit of the Treasury of the State, \$107,593 95 cts.—being the nett amount of the profits of the Bank, from the 1st of October, 1818, to the 30th September, 1819, after having reserved a sum sufficient to cover all the bad or doubtful debts, which may have been unfortunately contracted in the course of a peculiarly calamitous year.

As, however, the profits of the Bank for the past year have fallen short of the promise which was held out to the Legislature, and as the dividend for the ensuing year will necessarily be less than that of the past, it has become our duty to enter into some explanations on the subject; and if we should deem it expedient to offer some preliminary observations on the causes which have diminished, and are continuing to diminish the income of our institution, some reflections on our currency in general, and on the situation of our local Banks with respect to that currency, to the Bank of the United States, and to the National Government, we trust that the magnitude of the subject, and its great importance to the fiscal resources and internal improvements of the State, will plead our excuse.

Ever since the complete establishment of the present National Government, Bank paper has constituted the current money of the United States. Issued by different institutions, under different authorities, sanctioned by the State Legislatures, or by the General Government, it has pervaded every quarter of the Union, and formed the universal medium of exchange. The Bills of the different Banks have always purported to be convertible, on demand, into a certain quantity of gold or silver, and have passed in circulation as the reputed representatives of so much specie. This convertibility was sometimes real and practicable; very frequently it was but nominal; yet this paper was universally current, because entire confidence was reposed on the solvency of the institutions by which it was issued, and on the sufficiency of the funds secured for its final redemption.

During a long portion of that revolution, which for a quarter of a century has convulsed and desolated Europe, the United States enjoyed the great advantages of a neutral nation. As long as a state of war existed between Spain and Great Britain, the citizens of this country became the carriers and commercial agents of Spain, and nearly all the metallic treasures of Mexico passed through our hands. During this period, gold and silver were abundant, and there existed no difficulty in procuring specie for any demand and to any amount which our commercial or fiscal arrangements required. The vaults of our Banks are said to have overflowed with silver. From the peace of Amiens, however, this influx of specie abated; our commerce with the Spanish colonies, which had been the accidental result of war, declined; and the wealth of that country was restored,

in a great measure, to its ancient channels; and, when the invasion of Spain, by Bonaparte, in 1808, threw that ill-fated country and her colonies into the arms of Great Britain, a new direction was given to their treasures, and almost a new monopoly created for their commerce. At the same moment, the embargo, which our disputes with the European powers induced our government to impose on our commerce, began to act with great effect on the specie capital of the country; for when our produce could no longer be exported, all who had engagements to meet in foreign countries, all to whom remittances abroad were advantageous, if not indispensable, transmitted specie as the commodity most easily concealed and transported. From this time the amount of specie in the United States rapidly diminished. The unsettled state of our commercial and political relations with foreign powers, during the three succeeding years, prevented a new accumulation, and soon after our declaration of war against Great Britain, in 1812, the Banks throughout all the Middle and Southern States, which for some years had been paying specie reluctantly and sparingly, suspended altogether their specie payments.

Soon after the restoration of peace, the Bank of the United States was chartered, for the professed purposes of creating a national currency, of facilitating exchanges between the different portions of the United States, and of maintaining and enforcing throughout the country the payment of specie. To promote the same object, the State Banks, at the earnest desire of the Secretary of the Treasury, resumed universally and almost simultaneously, the payment of specie. Yet many of the directors of these institutions were aware that this resumption was premature. The charter of the Bank of the United States required that a certain portion of its capital should be contributed in specie. By the precipitate commencement of business, to which it was urged by the Treasury department, and by the interested solicitations of many of its stockholders, it effectually frustrated that provision of its charter. The second payment in specie was in a great measure eluded, as much of its own paper, which it had thus hastily issued, and which it could not refuse, was returned to it as an equivalent for specie. The third and last payment was altogether nominal. The State Banks, before it became due, had resumed generally, the payment of specie, and their bills were everywhere received in the place of bullion. Indeed, it was immediately obvious, that if this last payment had been actually required in coin, it would not add to the specie capital of the country; it would only transfer to the National Bank a certain amount, drawn from the vaults of the State Banks. It thus unfortunately happened, that even by the creation of this colossal power, a very small addition was made to the real metallic capital of the United States. For sometime, however, no difficulty was experienced. During twelve or eighteen months, silver, to a considerable amount, was imported by the Banks, and by individuals, and hope was entertained that no further embarrassments on the subject of our currency would speedily occur. But during the two last years our immense importations of foreign productions appear to have left no balances in our favor to be liquidated by returns in specie; while the East India trade, which has always been the great absorber of our silver, has revived with unprecedented activity, and has exhausted, or threatens to exhaust the metallic capital of our country. The specie drawn from the Banks, instead of being diffused generally throughout the country, is instantly consigned to foreign markets; the bullion occasionally imported is



immediately purchased to supply the wants of foreign commerce; and even the petty sums which are accidentally seen to circulate, are pursued and collected with ceaseless avidity. The specie capital of the United States is again daily diminishing; and, by the magnitude of the evils with which we are threatened, the subject of our currency is unavoidably forced on the public attention.

It may not, however, be improper to remark, that during the whole period to which we have alluded, whatever may have been the embarrassments of those who wanted, or of those who were called upon to pay gold or silver, there was a general and extensive circulation of Bank paper; and the country enjoyed almost uninterrupted prosperity. There was that continued and progressive improvement which marks the growth of wealth, of population, and of power; that steady increase in the value of labor and of property, which encourages and remunerates the exertions of individuals; we were enjoying that condition, the most enviable in the career of nations, when enterprise was never without hope, nor labor without reward. There was scarcely a moment in that period in which, at least in our large cities, men of real and substantial property could not procure means for any purpose; money sufficient for any experiment in agriculture, commerce, or manufactures which they might choose to attempt; and, if facilities too great were occasionally given, if encouragement was sometimes offered to speculative adventurers, to men rash without judgment, and without private resources to support their projects, to men regardless alike of credit, of reputation, or of real character, the losses incurred by these errors generally fell on the Banks themselves, and their profits enabled them to bear these occasional disappointments. From this state we are now awakened as from the delusions of a dream. It has been represented as a state of intoxication, of delirium, of madness, from which we must be recalled to the sober realities of universal embarrassment and unexampled ruin.

It has unfortunately happened, that during the last six or eight years, there has been a rapid increase in the number of Banks throughout the United States. The greater part of these have been established with small capitals. Some of the States have incorporated Banks for every county. The number of these institutions has necessarily caused a diminished confidence in their paper, and has certainly multiplied the chances of mismanagement. Of late great pains have been taken to create public apprehension and alarm; and the embarrassments of the Banks, which unavoidably resulted from the constantly decreasing amount of specie in the United States, have been aggravated by artificial excitement. Hence the Banks, generally, have been led by prudence, or compelled by necessity, to curtail their business, and lessen the amount of their circulating paper. Another cause has contributed most powerfully to these measures.

For some time after the organization of the Bank of the United States, the Directors of that institution continued to import or purchase specie for its own use, and to discount in proportion to its capital and its resources.— They continued, as had been avowed by the friends to its incorporation, to act in harmony with the local institutions. But within a twelve-month past they have suddenly and entirely changed their system. They have withdrawn its own paper from circulation, and have employed the funds which the government of the United States has placed at its disposal to force from the State Banks their specie capital. In some places this system has been severe and unremitted, in others it appears not to have been

enforced, or it has been in some measure counteracted by local circumstances. These different causes, however, have produced this general result, that every Bank has been obliged to withdraw its paper as speedily as possible from circulation. In many instances where the local Banks have not been able promptly to recall their funds, which could only be done by severe pressure on their debtors, or where they have been at all mismanaged, they have been necessitated either to suspend specie payments, or finally to close their doors; and even those who are most able and have been most prudent, are compelled to decline all new business; and are now employing every means within their power to collect their own paper, to preserve and secure their own resources, to remain entirely inactive, until they shall be able to ascertain the extent or ultimate effects of this system. The current money of the country may be considered even now, as rapidly and steadily decreasing, and the Bank of the United States has unquestionably the power of lessening the quantity at pleasure. As long as it refuses to issue its own paper, and continues to wield the resources of the government, it can compel every other institution to recall from circulation all the paper which it may have issued. We may soon exhibit the singular spectacle of a commercial and agricultural nation, formidable in its power, rich and varied in its resources, and yet possessing scarcely money enough to supply the most common wants, or to meet the most trifling arrangements of life.

There are few circumstances in society more striking than the effects which are produced by the increase or diminution of the circulating currency of a country; while it is increasing, every undertaking is accompanied with an expected or ascertained profit; while decreasing, every experiment is attended with hazard, with the apprehension or certainty of loss. In the former case, there is a general and regular advance in the value of property and of labor. Purchases are therefore made with confidence, because it is supposed that property will be worth more to-morrow than to-day; labor is employed freely, because every one expects that the products of that labor will more than repay its cost. Enterprizes of great magnitude are readily undertaken, because men look to the future with sanguine anticipations; improvements are everywhere extending, because all are confident of an ample remuneration. On every side is seen the joyous aspect of animated and rewarded industry. In the same manner the high price of manufactures stimulates the artist and the mechanic; excites by its influence the dormant faculties of the inventive, calls from obscurity unknown talents, and fosters and protects the improvements and discoveries of genius. On the same principle, the high price of produce encourages the farmer in his laborious occupations; enables him to build and to repair; to improve his tillage and his implements of culture; to manure his fields; to add to his stock of labor, and to encounter any and every expense which may be necessary to render his lands productive, or give comfort to his home. But where money is decreasing in a country, and every thing else diminishing daily in its value, the prospect is entirely reversed; confidence is extinguished, and enterprize becomes totally unnerved. The crop which is to ripen hereafter, is sowed without hope, and therefore without care; the manufacture which is to be finished at a future day, is commenced in despair; the commercial speculation which is to be realized after a distant voyage, is undertaken with anxiety and unremitted apprehension—all are commenced from the necessity which exists of doing something; all

may terminate under circumstances which will render them disastrous — Even in a few months money may have become comparatively so dear that the returns of experiments will never repay their cost. Everything stagnates. No one will buy that property, which at a future day he may desire or be compelled to sell; the work-shop of the mechanic is abandoned; the buildings of the farmer may decay, his lands may become exhausted, his stock may perish; he feels no inducement, in fact, he possesses no power, to make advances or to incur expense; the returns for his labor will no longer repay him. He alone prospers in this state of society, who merits least to prosper; he whose means are useless to society and himself; the miser who hoards, finds his wealth daily increasing. Money alone rises in value, and therefore the wise men of this world will collect and accumulate, and bury that which is only useful in proportion to the rapidity with which it circulates. Creditors are supposed to prosper in such periods, and they certainly would prosper could they insure the payment of their debts; but in the general depreciation of property, their security melts away. The means of the debtor are sunk and annihilated in his ineffectual struggles to redeem his fortunes; and it is probable, that although some may be successful, yet viewed on an extensive scale, the creditors themselves become finally the greatest sufferers. At such moments the moral character and energy of man become depressed; possessing no longer motives for improvement, feeling no excitement to exertion, he sinks into inaction, and his labor, his talents, and his powers are lost to his country. In this state of society, migrations commence. All who have been impoverished, and find their fortunes still sinking under such untoward circumstances, but who yet possess the means of transporting themselves, go in search of some better or more fortunate country; and diminish even by their departure, the decreasing means of their ancient home.

Let it not be said, that when the money of any country is reduced, it only alters the former prices, not the relative value of property. That if at any moment, nine-tenths of the circulating currency should be withdrawn, the remaining tenth part will still represent the whole; that one dollar will be worth intrinsically as much as ten were before; that a new scale of value will be established, but that the proportion between every other species of property will remain unaltered. This may become true at some remote and undetermined period, but it will be most ruinously untrue to those who are actors and sufferers in the scenes of such a revolution, to those on whom this change will have to operate. It can readily be imagined, that if any society could be trained and managed anew from its infancy to maturity, any amount of money, however small, could be made to answer the demands of its circulation. For a nation as populous and as wealthy as the United States, one million of dollars might be amply sufficient; and if, during the growth of such a nation, that million had gradually increased from \$100,000, or from \$500,000, it would probably have exhibited in its whole progress the features of an improving and prosperous country; because during that whole time, there would have been a regular increase in the value of all of its productions. But if the same nation, having once possessed a circulating currency of ten millions of dollars, should find that currency suddenly reduced to one million, the result would be widely different. There would necessarily be a great and immediate reduction in the value of property, but this reduction would be unequal. The connecting ligaments of society, as far, at least, as they

had reference to property, would all be broken, and the condition and relative position of every individual would be sensibly altered. In the great leading division of society, the situation of debtor and creditor would be most ruinously changed. Every man who, when money was abundant, had contracted to pay one thousand dollars, would, from the increased value of money, have really to pay ten thousand. The debtor would have to pay, and the creditor receive ten times as much as they had mutually agreed to pay and to receive. Again, in all the mingled relations of life, where regular fees or fixed prices had usually been given for services performed, wherever established rents or long leases should exist, no variation would speedily take place, nor would the parties interested, bend to the new state of things without a struggle. We have even known cases where persons who considered their services or their talents peculiarly valuable, have, under similar circumstances, raised the price of their labor, to compensate if possible in this manner, for a diminished consumption. The operation of such a measure, it will be easy more distinctly to trace.—There would be immediately a general scarcity of money, and a consequent inability to purchase at former prices, or to maintain in each family its accustomed expenditure. There would be an universal diminution of consumption. The cultivators and the manufacturers of perishable articles will first feel the pressure; they cannot wait for the return of more prosperous seasons—they must sell at any price which may be offered, or lose their commodities altogether; but even with reduced prices, they will not find the former consumption—they will be compelled to produce less, and to sell what they do raise or manufacture at lower prices. Now, with their reduced incomes, they can no longer meet their usual expenditure; one will withdraw his children from school, because the prices of tuition have been long fixed, and have not yet been graduated to a new scale. Another will neglect his family in sickness, because the charges of the physician are still regulated by former practice. All, if the rates of the butcher, the baker, the tailor, the shoe-maker, &c. continue unaltered, will endeavor to lessen to the uttermost their consumption, to avoid absolute ruin. On the other hand, these persons all suffer in their turn, by diminished employment; they feel their embarrassments, but they know not when, nor where, nor how, to yield. Among the manufacturers and cultivators of imperishable articles, the same difficulties will also occur; each will endeavor to maintain the prices of his labor as long as possible, will hold back his productions from a falling market, and will struggle until his capital and credit are utterly exhausted. They yield only to unconquerable necessity. The indigent must first fall; those who have only their labor for their support, are dismissed on all sides from employment; they must beg or perish; those with small capitals or large families soon follow, and it is only after a whole generation is swept away, that their places will be occupied, if ever re-occupied, by a new race, educated under new habits, and with views accommodated to new circumstances. In the mean time the whole property of the country passes into the hands of those who have been so opulent as not to feel the general calamity. Wealth acquires new power, and an influence unsuited to our systems; the indigent become more independent, the affluent more rich; the inequality of condition, of feeling, of views, continually increases, and the principles of rational liberty will, in a short time, be gradually undermined, or openly subverted. It may well become a nation voluntarily entering on such a career, to pause and enquire, whether the object of its pursuit is worth the cost.

Among the undetermined problems in political economy, among those perhaps which can never be absolutely resolved, we may consider that which would adjust the proportion, which the active or monied capital of a society ought to bear to that portion of its capital which is fixed and unchangeable. But as in many cases where certainty is unattainable, we can yet by approximation, secure some satisfactory results, there are even in this unsettled question, some land-marks which may aid us in approaching our destined object.

Money, or those objects which can readily be converted into money, is the immediate reward of labor; the ultimate object of labor is generally to add to the value of real and immovable property. The active wealth of a nation arises from, and consists in, the accumulations which are annually made from its labor, after defraying the expense of that labor; and although much of this amount is generally lavished by the wealthy capitalists on their domestic expenditures, the greater part is usually employed in adding to the real and permanent capital of the country; to its cities, its buildings, its canals, its roads and bridges, to its literary or manufacturing establishments, to its agriculture, to the general improvement of its soil, or the embellishment of its surface. Now, that country only can be considered as completely improved, which possesses labor sufficient for the cultivation or decoration of every portion of its soil, however extensive or diversified, sufficient to convert its whole surface into a garden or city; and possesses at the same time, active capital enough to employ and reward that labor.

It is unnecessary to remark, how far this country falls below such a standard; how deficient it still continues in its active capital. We neither possess labor enough to cultivate our soil, nor wealth sufficient to offer to foreign labor encouragement and recompense. Let us, however, apply other tests, let us employ other guides; let us measure by other standards, our approach to that proportion which ought always to exist between the active and inactive funds of a nation.

We may, perhaps, assume it as a principle applicable to all stages of society, that the active capital of a country bears a fair and reasonable proportion to that which is fixed and permanent, whenever real can be readily sold or converted into active property at a fair valuation; or whenever money can be obtained readily at a reasonable rate of interest, on secure mortgages of real estate. We consider this last as probably the best test which exists in this difficult inquiry.

In every country, some fixed price or premium for the use of money, has usually been established by law; a price intended to exhibit the average profit that can be made by its actual employment. In infant societies the premium allowed by the government, is generally lower than that average; because the active capital of such societies is necessarily small, and can therefore, be always advantageously employed. A young country has not had time to make those accumulations which constitute wealth. To its small capital a thousand modes of profitable investment are open. The real value of money is therefore great, and this value is constantly enhanced by the sanguine temper of mankind, who view in untried experiments, unknown and unparalleled advantages. As the capital of the country continues to increase, the most lucrative employments are gradually occupied. Competition diminishes the profit, and capital is insensibly diverted to other and less productive uses. In this manner the average profit of

money, by degrees, lowers to that standard which the law has fixed, and in process of time it will become difficult even to obtain the profit which the government allows for its use. It is in this state of things, that money will come freely into the market. Men who may possess prudence, and who may yet perhaps possess neither skill nor industry to render any money productive, when every path of labor, when every department of trade is fully occupied, and when on every side they have to meet the competition of able and enterprising antagonists, will prefer the certainty of well secured interests to the hazard of experiment. Money will then be regularly offered on loan, and can be readily obtained by all who have unquestionable security to offer. With the increase of wealth, this effect will be yet further extended. Money will come into competition with money, until the premium for its use will fall below the standard fixed by law. In Holland, in its most prosperous age, the interest of money was as low as 2 or 3 per cent. In England, and in many parts of Europe, the interest of money at the present time is scarcely more than 4 or 5 per cent. In this country it has rarely been below 10 or 12 per cent. excepting when it has been borrowed from the Banks. The great deficiency of our active capital then is obvious; and the great benefit to us of Banks, has been that they have supplied, in some measure, that deficiency—that they have been able to substitute credit for capital—that they have in fact created capital, and accelerated the progress of our country to prosperity and power. It would appear almost unnecessary to add, what seems indeed a self-evident proposition, that if money can be made to produce an annual profit of 8, 10 or 12 per cent. and can be borrowed from Banks or from any source whatever at 6 per cent. the surplus profit is a substantial gain, a real addition to the wealth of the country. Nor will it be of any consequence to what extent the operation is carried. As long as money can be made to produce more than it costs, so long will its employment be beneficial; and whenever it ceases to produce what is demanded for its use, including also the necessary expense of management, we are bound to believe, reasoning on the common principles of human nature, that it will no longer be borrowed or employed.

If, from theory, we turn for a moment to facts, if we examine the actual state of our property, our commerce and our currency, we shall perhaps be led no less certainly to perceive the deficiency of our active capital. It is not in our power to estimate the property of the United States, or the amount of money which may be necessary to give activity to the wealth of this great nation; but with regard to our own State, we possess many materials which may assist us in this inquiry, and facts which will scarcely admit of doubt.

The property of the State of South Carolina may be safely valued at 200,000,000 of dollars; and of the annual exchange of property, the following estimate will furnish some idea. The annual exports from South Carolina have averaged, for the last three years, upwards of 10,000,000 of dollars, and the imports we may suppose to have been at least equal. The general amount of imports in the United States in that time, has greatly exceeded the amount of exports; and if the Custom House books of this city should not exhibit direct importations from Europe to that extent, there is no doubt that we have received our fair proportion of the goods imported into our northern cities, from Europe and India. Now, many of our native productions change owners twice before they are shipped; nearly all the imported articles change owners as often before they are

consumed. Many of them are transferred four, five, or even ten times before they are finally used. We may, therefore, with prudence, suppose that one-half of this property is twice transferred. These latter exchanges might, it is true, be most correctly classed under the head of internal commerce, yet for greater simplicity in our statements, we have placed them here. The general result will be as follows:

Annual exports.....	\$10,000,000
Annual imports.....	10,000,000
Exchange of these commodities, on the supposition that one-half of the total amount has been twice transferred.....	10,000,000
	<hr/> \$30,000,000

In England, the internal commerce of the country so far exceeds the external, that their writers on the subject assume ten for one as a rate so moderate, as to admit of no controversy. In this country, however, as we have not yet become a manufacturing people—as our great staple productions are raised for foreign markets—as even our permanent improvements are few, and those not extensive, the proportion is by no means so great; yet when we consider the multiplied exchanges of property at home, the sale and re-sale of lands, houses, negroes, horses, cattle, furniture, plate and stock\* of every description; the purchases for daily consumption, independent of imported articles; the taxes, national, state and corporation, which are paid and again expended; the income and expenditure of societies, charitable, literary or social; the emoluments of professional persons, clergymen, physicians, lawyers, magistrates, &c.; the wages paid to laborers, overseers, mechanics; the rent of houses, stores, wharves; the dividends on stock; the capital employed in building or repairing private or public edifices, or in establishing manufactories; the payment of debts, legacies and inheritances; in short, were we to trace every transfer which the wants or the necessary consumption of society occasions; every expenditure, whether of necessity, folly or vice, it will readily appear that the internal exchanges of a country, though more difficult to ascertain, must far exceed its foreign commerce.

In Great Britain the amount of exports may be considered as averaging from 40 to 50,000,000 of pounds sterling, and the amount of paper issued by the Bank of England is generally about £30,000,000. But private bankers in England issue paper also, and the amount of their paper is supposed to be at least as great as that of the Bank of England. The issues also, made by the Bank and bankers in Scotland and Ireland, add greatly to the aggregate amount. But besides this, the great bankers in London have weekly meetings, at which, by balancing and transferring debts and credits, they are supposed to transact business to the amount of £400,000,000 sterling a year; the whole of which would otherwise form money transactions, and would require of course a proportional increase of money. In this country this system is unknown, as we have wisely and fortunately instituted private incorporated Banks, for the English practice of private

\* It may give some idea of the amount of the internal exchanges of the country, to state, that from the best information that could be obtained, it appears that the sales of stock of different descriptions (Bank, Insurance, United States stock, &c.) made in Charleston, during the year 1818, exceeded, considerably, five millions of dollars

bankers; we say fortunately, because notwithstanding the embarrassments of many Banks at the present moment, we believe no one seriously apprehends from them any worse evil than procrastinated payments. They are substantially solvent. But every one acquainted with the internal and local history of Great Britain, knows that the losses in that country, from the failure of private bankers are immense, and perpetually recurring.—The complaints of individual ruin from this source, may be heard from every quarter; and it may give some idea of the multitude of this evil, to state, that in the years 1814 and 1815, upwards of two hundred and forty private bankers stopped payment, the greater part of whom were truly insolvent. Yet in their day, they contributed to supply the currency; which the vast commerce of that empire requires; and their places have necessarily been filled by new names, producing the same effect. The immense circulation of that country has been supported by public or private credit, by bills of public Banks or private bankers, to an amount many times greater than its foreign commerce.

We have reason to doubt, whether the amount of paper issued by the Banks in South Carolina, has ever exceeded, at one time, five millions of dollars, or one-half of the value of our annual exports. That amount is now greatly reduced. We confidently, however, believe, not only that the largest sum which has ever been issued by our Banks, but that a much greater amount could be immediately and profitably employed; and would yet leave us very far behind many nations in the means of increasing the wealth and improving permanently the resources of our country.

We have, fortunately, before us a memorable fact. When the Bank of the State of South Carolina was established, Columbia was but a small village, with few improvements and little commerce. It was supposed when the branch of our Bank was established in this place, that one hundred thousand dollars could be used, and that two hundred thousand dollars might be tried. After the experience of six years, after the capital of this branch has been enlarged to nine hundred thousand dollars, the Board of Directors now declare that two, perhaps three millions of dollars, could be safely and advantageously employed. With this creation of capital, the improvement and commerce of Columbia have steadily advanced. They have excited, and we hope will continue to excite, universal attention.

Shall it be said that the improvements of Columbia are the results of an artificial stimulus; that its edifices are paper fabrics; that its commerce is ruinous and overstrained; that its wealth is fictitious, and its increase ominous and unnatural. It would be easy to demonstrate that they are all the necessary and almost inevitable results of capital placed within the reach of enterprize and exertion. And when we add, that of the whole amount of debt which appears on the books of this branch, we are assured that not one individual debt is considered even as suspicious, we give every proof which can be required, that the transactions of this branch have been real and substantial. We have every reason to believe and to hope, that they have been as beneficial to the individuals interested in those transactions, as to the institution itself.

Augusta will still further illustrate and strengthen our observations.—Situated like Columbia and Camden, at the head of good navigation on one of our great rivers, she naturally, by her position, commanded the commerce of the country irrigated by the Savannah. But having fortunately possessed the advantages of an early and extensive use of capital, she has been able to make her marts the centre of a large and increasing circle of



business, and has become one of the most flourishing inland cities in the United States.

Camden occupies on the Wateree precisely the same situation which Columbia holds on the Congaree. Both are the head of navigation on streams, whose course through the rocks of our primitive country is still impeded. The Wateree, when the impediments which now obstruct its channel shall be removed, will admit of a navigation more extensive, and through a country probably richer than that which is drained by the Congaree. At present, the local advantages and disadvantages of each of these places, are similar, and nearly equal. Nature has given to Camden almost every privilege which an inland commercial town can require; yet from the want of capital, its improvements for the last twenty years, have been very inconsiderable. It has been left to that slow accumulation of capital, which is supposed to be natural and wholesome, and it has remained stationary.

Nor ought this to create any surprise. When the inhabitants of a country, contiguous to a small market, offer their productions for sale, and find that although they may be able to obtain for them a fair nominal price, they cannot immediately obtain money, that they must allow a credit until their own produce can be sent to another mart, where money can be procured; it is natural, under such circumstances, that those who raise the articles, should find or imagine it to be their interest to transport them at once to that market, where their value can readily be realized. In this manner the small market is gradually abandoned, and all of those productions which cannot bear the expense of a distant transportation, are lost altogether.

Chatham, or some adjacent spot on the Peedee possesses advantages exactly similar to those of Camden or Columbia. It is situated at the head of navigation, on an extensive river traversing one of the richest tracts of country in the maritime States. Capital only is wanted to locate the commerce of a most fertile district; and a capital could be employed on this river, equal to that required either by Camden or Columbia. Let it be remembered too, that the business of these rivers is entirely distinct, and can scarcely be made to communicate. When we were preparing last winter to establish a branch of our Bank at Camden, we were led to enquire whether some of the capital employed in Columbia could not be diverted to that place; whether in fact, much of the business of Columbia was not done for the inhabitants of the Wateree and Catawba; we were surprised to find that of the amount of debts due to the Branch at Columbia, not more than one-fifteenth part could be transferred to Camden.

We have only noticed the most prominent stations in our State, those positions which promise to become the central points of an extensive commerce. It is unnecessary to consider the wishes of Georgetown for an enlargement of capital; the claims of Beaufort for the establishment of a branch; or to advert to those places in our western districts, which must become the marts of considerable business. Whenever the improvements which the State has so wisely, so liberally, so happily commenced on our rivers, shall be completed, these positions will be distinctly indicated.—Wherever navigation on each great stream shall necessarily cease; wherever boats can begin to receive the produce of our soils, at those spots, towns must arise, whose business and importance will depend on the fertility and improvement of the surrounding country. At every one of these points capital will be wanted, and could be usefully invested. The

resources of our country would be explored, invigorated and extended ; new sources of wealth would be opened to our citizens ; new demands would be created for consumption ; new employments offered to labor, and new action given to the whole circle of productive industry.

Yet, under all these circumstances, with so obvious and almost universal a deficiency of our active capital, the local Banks have been assailed as the authors of all of the evils and embarrassments of the country. To their over issue of paper, every difficulty has been ascribed. It has been asserted and reiterated, that by this means they had not only caused the high price of property and produce throughout the United States, as if this had been a ruinous and enormous evil ; but had in fact, caused a real depreciation in our currency. To these charges permit us briefly to reply.

The price of every article of exportation, in a fair and open market, is generally that which the prices in the consuming markets will authorize to be given. Competition will raise this price as high as it can be carried consistently with the risk which must be run, and the mercantile profit which ought to be received on every transaction. The ardor and sanguine temperament of individuals, will cause them sometimes to exceed this point, but this does not generally occur. No man is so infatuated as to purchase with a certainty of loss ; no one so inconsiderate as to reduce himself, deliberately and intentionally, to bankruptcy. The high prices of produce were not caused by the facility with which money could be obtained from the Banks in this country, but from the high prices which were received in the European markets. The infatuation was not with us. High prices were given here, because high prices were received abroad ; not because our produce was paid for in a depreciated currency. The price of all other things necessarily rose with that of the staple article of the country. The value of labor, when employed in the culture of cotton or rice, regulated its value in all other occupations. Likewise, labor was diverted to the production of the most profitable articles, until the scarcity of other commodities enhanced in turn their value. For two years these great prices were given without loss. Every one, however, supposed the markets to be unnaturally high, and asserted that they must inevitably fall. But no one was wise enough to foresee the hour ; much less could any one anticipate the rapidity or the extent of the fall. Many a tottering bridge, which has been long used with safety, has at length overwhelmed some adventurer, more unfortunate certainly, but perhaps not more imprudent than the thousands who had passed before him and escaped. The prices in the European markets at length suddenly gave way, and the prudent and imprudent appear equally to have suffered. When the price of cotton at Liverpool was 38 to 40 cents, and appeared to be still rising, 30 and 38 were given for it in this country. Does any one believe that if our Banks were again in full operation, if all of the money which circulated eighteen months ago was now current, that the prices of the last year would be given for cotton, when that article sells at Liverpool from 23 to 28 cents a pound ? It rose formerly, and has fallen now, exactly in proportion to the European price, proving both in its rise and in its fall, that the money of each place was of equal value ; and if it should be said, that the money of England as well as of the United States, was a paper currency, we have only to add, that the prices at Havre were generally as high, frequently higher, than at Liverpool, and at Havre paper is unknown. Besides, if when rice was quoted at the Havana at \$8 and \$9 per hundred, \$12 or \$15 could have been ob-

tained in Charleston, we might then have readily perceived, that we were using a depreciated currency. But if, when rice was \$8 or \$9 at the Havana, it was difficult to obtain for it \$5 or \$6 in Charleston, it unquestionably proves the paper dollar of Charleston was as valuable as the silver dollar of the Havana. But we need not enlarge on this point. Since the premium on dollars themselves, much as they have been wanted for a particular purpose, has rarely exceeded 5 per cent. and we doubt if more than 3 per cent. has ever been given in Charleston for sums of any magnitude; how idle is it to speak of the depreciation of our paper, of that depreciation, we mean, which can injuriously affect the commerce and resources of our country. The issues of the Banks, within the last twelve months, have been greatly reduced. Does any one believe that their bills are now more valuable than they were formerly, excepting as money itself has become more valuable? Has any one felt his confidence in them increase as their amount has lessened. If we were to feel a doubt on this subject, it would be that as the value of property in general has been diminished, and as the security for the payment of debts has been consequently reduced, the value of Bank paper itself has been endangered by this operation. But we have no doubts whatever. As far as the Southern Banks, at least, are concerned, we know that they can be compelled by the Bank of the United States to call in their paper; that they can be compelled to discontinue business; they can be rendered unprofitable to their proprietors, and useless to the community; but they cannot be rendered insolvent.

If we have extended our observations on this subject, it is because we believe that wrong impressions have been made on the public mind, and very erroneous causes assigned for the general embarrassments of the country. While to over-trading, as it has been termed, so many disastrous effects have been imputed, can we seriously believe, that the failure of 30 or 40 mercantile houses in Charleston, of whom not more than three or four were in extensive business, could have produced such universal distress? Even when to this we add, what ought perhaps fairly to be added, the losses sustained by those merchants who have not actually failed, but whose resources have been crippled, and whose enterprise depressed by unfortunate shipments, the effects still have been too great for the specified cause. For it must be remembered, that the produce on which so much has been lost, was purchased in our own markets, was the growth of our own soil; the high prices by which the shipper was injured, were paid to our own citizens. The losses on one side were compensated by profit to another. But our embarrassments have a deeper and far more extended foundation. They have arisen from the sudden and rapid diminution of the circulating currency of the country; from the necessary and inevitable depreciation of property of every description; from the consequent inability which every man feels of converting unproductive into productive capital; of exchanging property for money; of procuring loans or accommodations even from usury itself; or of meeting his engagements without sacrifices so enormous as to sweep away credit and capital in promiscuous ruin.— This evil has pervaded the whole Union; has spread to its outermost limits; has penetrated to its most quiet recesses. It has affected, in proportion to his means and engagements, every inhabitant. A cause so extensive, could alone have produced this general stagnation; this universal pause in the pecuniary transactions of our country.

In our investigation of this subject, it has not been possible, neither has

it been our intention, to overlook the great principle on which, perhaps, the whole inquiry rests; we mean the nature of currency itself. The restoration of a metallic currency has been the avowed object and apology for the Government and Bank of the United States, in their recent operations. It becomes necessary to inquire, whether, in the present state of the world, a metallic currency, sufficient for the wants of our country, is attainable, and whether, if it be obtained, it will be worth the necessary cost; whether, in fact, a currency equally good, perhaps better, may not be established, without any of those sacrifices which our country has already been obliged to make, and which it must, for a long time, continue to make, to secure this fugitive and evanescent object.

Let us, then, inquire, what is the real and natural standard of a circulating currency; what that currency has to perform; on what it must act; what it must represent, measure, and regulate; and on what principles it ought to be constructed.

Labor is the foundation of property. From the accumulations of labor all wealth has been derived, and the value of almost every description of property may again be resolved into the labor which has been employed in its production, or for its acquisition. Labor is necessary to society; nature is bountiful and liberal, but she nowhere spontaneously feeds, and cloths, and provides for man. She has given him means and motives, she has given him members formed for action, and an understanding designed to govern and direct them; with the power, she has entailed on him the necessity of exertion. In his individual, as in his social state, he cannot exist without consuming, and the articles of consumption must be produced or procured by labor. In his savage state his wants are few, but those wants must be supplied; in a civilized state, they are perpetually increasing and multiplying, and his labor and talents must be unceasingly engaged in furnishing the means of subsistence, of gratification, of enjoyment, which society demands. Labor bears a relation to man as necessary and as durable as the materials of which society consists; eternal, if the race of man could endure forever.

Labor is not the foundation of property, but it is the standard by which all property must be measured. It bears, and must forever bear, an indispensable and almost definite relation to life. A certain quantity of labor is necessary to produce a certain quantity of food and clothing; and a certain quantity of food and clothing is necessary for the support of any given society. There may be some small variations; an impoverished society may consume a little less, a wealthy society may waste a little more, but within these limits the demand and consequent value of labor is absolute, or society must dissolve and perish. The value of all things else may sink and cease altogether, but the value of labor is secured and maintained by the unchangeable wants and condition of man.

Whether, then, we look on the past or to the future, labor is that standard by which all things must be measured. If we are desirous of knowing the value of any species of money itself, in any of the past ages of the world, we are obliged to inquire and ascertain what quantity of labor, or the immediate products of labor, it could at any time have commanded. If we wish to secure the income of property for a long period to come, it is to labor, or the immediate results of labor, that it must be made payable. Labor has always formed, and must and will forever form, the only true standard of property. The object of a currency will be to measure, to

transfer, to exchange that labor. Under whatever forms it may be disguised, however multifarious the shapes it may assume, the constituent principles of property may still be reduced to labor; and money is the type or symbol which should represent that labor.

We know that in the value of labor itself there are fluctuations, that its market perpetually vibrates; but these oscillations are within small and natural limits; they amount to much in the minute, but nothing in the hour; they appear considerable when near, but at a small distance of time or space, they become insensible. There is nothing more stable connected with man. There is also in labor a strong and almost irresistible tendency to find and to preserve one common and average value. Wherever society is unshackled, wherever government imposes no undue restrictions, this disposition becomes immediately apparent. If labor should become more profitable in one place or in one pursuit than another, it would be drawn very speedily from those occupations or places where it was cheap and abundant; whenever it became unproductive, it would be removed and scattered, or transferred to some more profitable employment. Even in those pursuits which appear to depend on chance, the same regulating principle prevails. In searching for diamonds and pearl, in digging for gold and silver, great fortunes are sometimes suddenly and accidentally acquired; but they only bear a fair proportion to the total amount of labor which has been expended in such adventures; otherwise, wherever enterprise is free, wherever the employment of capital is unrestrained, if great profits were made on every experiment, or by a moderate expenditure of labor, more labor would immediately be diverted to these pursuits, until the sources of profit were exhausted, or until the value of the commodities themselves should be so much reduced by their abundance, as to yield no more than a fair average profit. We might multiply our illustrations, but we should still find that labor is that standard which a currency must ultimately measure and represent.

The current money of different nations has been variously constituted. Among barbarous people it has been generally rude and inartificial; shells, beads, leather, objects of little or no intrinsic value, having no means pledged for their redemption, have been used, and have supplied the moderate wants of ignorant and poor communities. Grain, where it has been cultivated, cattle, where they have been reared, salt, or the productions of the chase, have, by various nations, been extensively employed; they formed a new era in commerce, deriving from their intrinsic value the value which they bore as money. But when metallic substances became known, their beauty, their indestructibility, their general utility, rendered them objects of cupidity to almost all mankind; they were gradually employed as the standards of value, and became the current money of the civilized world. Possessing really much intrinsic value, they yet derived from their employment as money, for which, by their durability, they were peculiarly well adapted, a steadiness and permanence of value, which otherwise they would not have enjoyed. Finally, however, in the vast increase and improvements of modern society, as a metallic currency became too cumbersome and inconvenient for the rapid circulation of commerce, or perhaps became unequal to represent the vast accumulations of property, but on a greatly reduced scale; a symbolical currency has again been introduced, bearing with it the improvements of the age. Negotiable notes given by individuals known or supposed to be able to redeem them when due;

**Bills of Exchange** drawn on the credit of property sold or exported ; **Bank Bills** issued on a pledge of property actually deposited, or on the names of persons considered as solvent, have become the current money of the most commercial and most prosperous nations. Paper worth intrinsically nothing, now represents property whose value can scarcely be computed ; now bears on its buoyant though apparently unsubstantial wings, the wealth, the commerce, the resources, perhaps the destinies, of mankind.

Money being intended to represent, to act upon, to measure property, the high attribute which it ought to possess is stability. It should be so constituted that its value should be permanent, if possible, unchangeable. That the sum which represents, to-day, the value of a day's labor, should represent that value an hundred or a thousand years hence ; that what is received for a certain amount of labor now, should always command again the same, or nearly the same labor. The two great conditions on which this will depend, are first, that the money of a country, the type or symbol of its property, should be unchangeable in its own value ; secondly, that it should always bear a certain proportion to the wealth of a community, increasing and diminishing with its prosperity and decline. When these conditions are obtained, the great purposes of a currency are accomplished, and the property of nations and of individuals secured, as far as human wisdom can secure it, not only from the sudden and ruinous fluctuations which overwhelm, but from those silent changes which gradually undermine its value.

Omitting, in our investigations, those substitutes for a currency which have been issued only by ignorant nations, we will examine those which have been extensively adopted in the civilized world ; they are only two, the precious metals and bills of credit.

The precious metals possess, as a circulating currency, many advantages : their beauty, their durability, their ductility, their great intrinsic value ; qualify them peculiarly well for this office. They are indestructible by the common operation of the elements—susceptible of minute and almost interminable divisions, and they represent in a small compass great value. Their use as money has besides given them an almost uniform value in the estimation of all nations ; they are not only money but property itself, and he who possesses a metallic coin possesses not only the type or symbol of property, but the substance. This has rendered them particularly desirable in unsettled periods of the world, in moments of anarchy and confusion, amidst the revolution of empires, amidst the convulsions and destruction of governments, and of nations. Hence, too, the timid and cautious have always been unwilling to abandon what appeared to be a real representation of property, and to substitute in its place a symbolical currency. These are their advantages ; they are obvious and well known. Their disadvantages have perhaps been less considered, and therefore merit a more particular examination.

The disadvantages of the precious metals are, in the first place, that they can be easily counterfeited, altered, or debased. On this point one fact will almost suffice : In Great Britain, where the bills of the Bank of England have been so coarsely executed as to have drawn down on the Directors of that Institution the animadversions of the public from every quarter ; so coarsely that juries at length have refused to find verdicts against forgers, under the impression that the Bank, by its negligence, had tempted them to sin ; so coarsely that they can be imitated by every one

who knows the use of the graver ; yet the trials for counterfeiting the coin of the country, have always borne to those for forging Bank bills at least the proportion of seven to one. In this country proper regulations on the part of our government, might probably procure for us a gold currency. By undervaluing gold in comparison with silver, we have driven it out of our country ; by giving it the same comparative value which it bears in the West Indies, it would perhaps return ; and gold is not absorbed by our East India commerce. But gold, as a metal, is so soft, and bears so high an intrinsic value ; the temptation to debase it so strong ; it can so easily be alloyed, in proportions or with substances not readily detected, that with us it will soon become an unpopular currency. Even when not debased it is so easily clipped or filed or sweated, that after a gold coinage has been a short time in circulation, it would become necessary for every individual to provide himself with scales and proper weights, and to understand the use of the hydrostatic balance, that he might be able on all occasions to ascertain the weight and probably the purity of the coin he should be obliged to pay or to receive. Without these precautions, it is easy to perceive, that a gold currency would soon lose its great recommendation, that of possessing an intrinsic value equal to the value it is said to represent ; the coin would become only tokens supposed to represent a certain value. Silver is exempt from some of those inconveniences, but it is more easily imitated and alloyed and debased than gold. And we must, in addition, remember, that the mildness of our penal laws would certainly attract to our shores all of the workmen in gold and silver, all of the artificers of light coin whom Europe had to spare.

In the second place, the quantity of gold and silver extracted from the earth, appears no longer to keep pace with the wealth and improvements of the world, and has perhaps become incompetent to represent the vast accumulation of property, which the industry and talents and exertions of man have heaped together. We live in an age when a tide of prosperity is overspreading every region which the foot of man can traverse. Every people, every nation is becoming enterprising, intelligent and commercial ; every one endeavors to draw to itself some portion of those treasures which the mines of Peru and Mexico still yield. It is not now as of old, when only one or two luminous points were to be seen along the horizon of a benighted world ; when the resources of mankind were or easily could be collected in a few dominant stations. The inhabitants of Europe are colonizing or improving every portion of the globe ; they carry with them their arts, their intelligence and their wants ; and the products of human industry have acquired a magnitude and a value unknown to any former age. But still the predominant and most steady want is that of the precious metals, because they have everywhere been made to represent and command property ; because they are everywhere the most ready instruments by which pleasure, influence or power can be procured. Hence they have become objects of such universal demand ; hence in every country they have become difficult to acquire, more difficult to retain ; and hence it is, that having become insufficient for the circulating currency of the world, one general complaint is heard of the scarcity of money, and the industry of man appears to be oppressed by a deficient circulation.

It is necessary, also, to recollect, that this increasing demand for gold and silver does not arise solely from the increasing commerce of the world, and from the necessary want of a corresponding and proportioned currency ; it

arises in a great measure, from the increasing demands of luxury, and the now almost necessary uses of domestic life. Even if we were to presume that each portion of the precious metals which is wrought into solid plate, into permanent articles of ornament or use, might by necessity be again restored to circulation; it would yet be difficult to ascertain, or even to form any conjecture that would be probable, of the quantity which, in plating or gilding, is annually consumed; which, in various manufactures is so far attenuated as to be finally wasted; or which by accidents on land or in the ocean, is forever lost. It is the remark of an English writer, that all the bullion of Great Britain, in the reign of queen Elizabeth, would not plate the carriage harnesses of the reign of George III. Nor will a comparative scarcity of the precious metals, affect or suspend these operations. Manufacturers can always afford to give for bullion more than its standard value, because they still charge on their productions a price proportioned to the cost of the materials they are obliged to use; they will still receive on their expenditures, their customary profits; and in an age of refinement and wealth, it is not a small rise in the price of gold and silver, considered as raw materials, which will diminish the calls of vanity and fashion.

One circumstance connected with this branch of our enquiry, merits very serious attention. Until within the last thirty years, the whole trade between Europe and her colonies on the one part, and the great nations in the east of Asia on the other part, was monopolized and locked up by privileged companies. A few individuals, in fact, regulated this great commerce. They imported and exported exactly such articles, and to such an amount, as they thought proper; taking effectual care not to overstock the markets of either country, with the commodities in which they trafficked. Yet even under the advantages of this monopoly, it is known that silver constituted the great and steady article of export to Asia. This silver, however, was always then procured on the most advantageous terms, and shipped only to such an extent as the European market appeared conveniently to afford. Of late, all of the ancient restrictions have been broken down; the commerce of the East has been thrown open to the enterprise of both Europe and America. It has already been extended far beyond the calculations of former times; it is annually increasing, and its final results we have yet to learn.

From causes which it is unnecessary here to examine, the price of labor has always been, and continues to be, much lower in the east Indies and China, than in Europe or America. Labor among the Asiatics is indeed so cheap, that the inhabitants of Europe have been able to contend with them in manufactures, only by the aid of machinery, only by that immense power with which they have been armed by genius and science. If, therefore, a dollar will purchase many times, perhaps six, eight or ten times as much labor in one country as in the other, it must possess nearly in the same proportion, so much more value, so much more power. And if we reason strictly on the subject, we must conclude, that so long as silver continues to be much more valuable in the east than with us, so long must it continue to seek that better market. This operation can only cease, a reaction can only be expected, either when the abundance of silver in China, shall have raised the price of labor in that country; or until its scarcity here shall have reduced the price with us to some common level.—The former of these conditions, after three centuries of uninterrupted commerce, appears to be as far from its accomplishment as ever; the latter condition we candidly acknowledge we wish not to see accomplished.



Many advantages would unquestionably result to the arts and to manufactures, from having labor reduced to three, four or five cents a day; but these advantages would be obtained at an immense expenditure of human happiness.

On the metallic capital of the United States, the East India commerce acts with peculiar effect. Europe possesses now a few manufactures adapted to the eastern market; and the Europeans procure from the Spice islands they hold in the Indian Archipelago, some articles, of which even the Chinese themselves acknowledge their want. The United States have none of these resources. The petty supply of ginseng they formerly furnished, appears no longer to be demanded; a few of our enterprising seamen traverse the ocean, and collect the skins of the Sea otter, and Sandal wood, and sometimes the birds' nests of the Molucca Islands, as portions of an outward cargo; but the great mass of our shipments is constantly specie—and on the silver we export to China, gates, like those of death, are closed for ever. This unsatiated commerce absorbs all of the specie which the enterprize of our citizens is able to collect. It does not act at intervals, giving the metallic capital of the country time to recruit after each loss. Its demands are unceasing and unsparing. It not only reduces the country to a state of exhaustion, but keeps it exhausted. It is the vulture of Prometheus, which not satisfied with devouring the full grown liver of his victim, watches the nascent organ; preying on each quivering nerve that springs to light.

We know it is supposed that gold and silver, like every other commodity in the market, will be produced in proportion to the demand, and will, therefore, find and keep their true relative value; that if the demand for them should increase, more labor would be immediately employed in extracting them from the earth; that the capital employed in the production of the precious metals, must only yield a profit fairly proportioned to other employments of capital; that if it yields more, new amounts of capital would be certainly diverted to this occupation; that, therefore, an absolute scarcity of these metals need not be apprehended; nor even such a variation in the supply as to affect materially their value, and in consequence, the present relations of property.

Whilst we acknowledge the truth of these positions, we are obliged to remark, that whenever we attempt to apply general principles to human action we must necessarily allow for all those irregularities, to which the conduct and character of man are subject. Circumstances must and will forever modify principles, in their particular application. Perhaps this remark will be seldom better illustrated, than by the very subject we are now discussing. If gold and silver were uniformly, however sparingly, diffused over the surface of the earth; if they could be found like iron, or lead, or copper, in almost every territory of moderate extent; capital could then be applied to their production, exactly in proportion to the profit which that capital would yield. The restraints which might be imposed in one country, would be counteracted by the freedom of competition permitted in others, and there could then be only slow or insensible changes in their value. Or limited or confined as they are by nature, almost to one great range of mountains, yet if those mountains were thrown open to enterprize as freely as the forests of North America, capital would soon seek employment in them, and would accumulate as long as it could be made productive. But encircled as the mines of Mexico and Peru have been, by colonial and religious restrictions, they have hitherto been nearly inaccessible to labor or

to capital. Desolated as they now are by insurrection and civil war, a long period must elapse, before they can again be rendered productive. It is probable that in the last eight years, there has been a deficiency in the produce of the mines of America, of at least two hundred millions of dollars, while the consumption of gold and silver, and in consequence, the demand for them, have been increasing with an accelerated velocity. Another age may view the Andes trodden by the feet of freemen, or ruled by liberal and enlightened governments. Before another generation, silver may be scattered with a profusion which will disqualify it for the purposes of money. But we must examine and decide on our own wants, we must act for our own age, and the race which surrounds us. When her present distractions shall cease, Spanish America will not resemble a powerful and intelligent nation, returning after momentary convulsions, to the habits and the arts of peace. She will exhibit a devastated and depopulated country; a naked and desolate territory; without resources to provide for her future welfare, perhaps without a government to repair her past misfortunes. Is it wise to enchain our prosperity to the contingences which may befall that ill-fated country; or to expect that commercial principles can counteract her moral and political evils?

A third disadvantage, which attends the use of the precious metals as a circulating currency, is the expense of such a currency. That portion of the capital of a country, which is employed in facilitating the interchange of commodities, adds nothing to the value of those commodities. It is an unprofitable portion of its capital, devoted, however, to a necessary use. All of the labor which has been expended in procuring that portion, may be considered as having been diverted from a productive into an unproductive channel. If a farmer should determine to have all his instruments of labor, his ploughs, his harrows, his rakes, his spades, of silver; it is easy to perceive how great would be the waste of capital on such a project. Not that these silver instruments would not answer. In certain soil and under certain circumstances, they would perform their functions as well as iron; but they could perform them no better. They might, it is true, in times of trouble, be hoarded or hidden, but to be hoarded or buried were not the purposes for which they were made, neither were these the objects for which a circulating currency was provided.

All of the capital, therefore, which was employed in procuring these instruments, might have been better engaged in improving the tillage, fertilizing the soil, or adding to the stock of the farm, or in any other mode in which it could have been rendered productive. So it is with a metallic currency. All of the labor which has been expended in procuring such a currency, might have been employed in adding to the productive funds of the country.

The fourth, and perhaps the greatest disadvantage, which attends the precious metals as a circulating currency, arises from the perpetual fluctuation which takes place in their own intrinsic value. It is singular, that while it is universally known and acknowledged, that gold and silver vary greatly in their value at distant periods, it should be supposed that at short intervals this variation does not exist, or is too inconsiderable to merit notice. This, however, is one of the errors which has arisen from our own habits and opinions. It is, therefore, more difficult to be discovered and eradicated. We have in truth, been so accustomed to a metallic currency, that to its irregularities we have become insensible. Thus, while we per-

ceive an incessant fluctuation in the prices of all things around us, we habitually suppose that the changes are always in the value of those objects themselves; we never suspect the scale by which we measure them; like the passenger looking out of the cabin window of a vessel in a gentle motion, to whom every thing appears to move except the vessel in which he stands, while yet the only object which appears to him stationary, is perhaps the only one which moves. The great difficulty is to disengage specie even for a moment, from its functions as money; every step afterwards would be easy and apparent. In Great Britain, where alone in modern days, gold and silver have for a short time been left freely to find their value in an unshackled market, they have been known to fluctuate in value nearly 50 per cent. in the course of a few months; a fluctuation which no paper currency has ever undergone, excepting such as has been issued by the mandates of an arbitrary or necessitous government, where no value has been received for it on its emission, no pledge given or secured for its redemption.

We know that this fluctuation has by some been considered as a fluctuation in the value of the paper currency of Great Britain. It was, however, too rapid to have arisen from the depreciation or appreciation of paper, without producing more violent effects than were felt in Great Britain. Neither did it produce a corresponding rise and fall in the value of other articles. While on the other hand, circumstances existed to produce an immediate action on gold and silver, sufficient to account, on the true principles of commerce, for the depression and subsequent rise in their value. After the first occupation of Paris by the Allied Powers, when the peace of the world was nearly restored, and the commerce of all nations again opened to Great Britain: when her exportation of bullion to the continent of Europe, for military or political purposes consequently ceased, her markets for a short time were overstocked with gold and silver, and they actually fell below their standard value. They could have been purchased at 10 or 12 per cent. below their value as coin. But on the return of Buonaparte from Elba, when it became evident that the British government would be compelled to make great remittances to the continent in specie, bullion immediately rose, and was soon 30 or 40 per cent. above its standard price. It rose and fell according to its scarcity or abundance, compared with the demand. It rose and fell on the same principles and from the same causes which would have determined the rise or fall of flour, or rice, or military stores. It was a real fluctuation, a true mercantile action on the value of gold and silver.

Gold and silver, from local circumstances, owe their value not so much to the labor necessary to procure them, as to their scarcity. That value therefore, must perpetually fluctuate, either as new mines are discovered, rendering them more abundant; or as old ones may be exhausted, rendering them more scarce; or as the increasing wealth and expenditure of society, acting on an uniform average produce, consume annually a greater portion. To fix therefore on gold and silver as a standard, when their value has no absolute relation to labor, is to adopt a principle full of uncertainty, and to depart from one that is durable and unerring. Even while these causes are constantly, we might almost say hourly affecting their value, it is evident that ever since the discovery of America, until within a few years, these metals have been gradually, though irregularly depreciating. It is well known that in Europe, wherever permanent rents have been reserved on property alienated some centuries ago, if those rents have been made payable in money, even gold or silver, they have now by the de-

preciation of those metals, become comparatively insignificant; but whenever they have been reserved in grain, or in any of the immediate products of labor, they have retained to the present hour, their full value. These metals are among the elements of property, but they are not so essentially property as grain or land, or labor itself. Why should all the pecuniary arrangements of life be entangled in the labyrinth of their erratic movements? Why to the mere conveniences which they afford, should the best interests of society at any time be sacrificed?

Of the fluctuations in the value of the precious metals, let us take one other view; let us examine their relations to each other. Before the discovery of America had disturbed all of the ancient arrangements of money, gold in Europe was from 10 to 11 times as valuable as silver; that is to say, 1 ounce of gold was supposed to be worth 10 or 11 ounces of silver. Such is said to be the value of gold in China at the present day; while in Japan, the proportion is only as 8 to 1. Since the discovery of America, silver has been obtained from the mines of this hemisphere, in such comparative abundance, that in little more than a century it had depreciated 35 to 50 per cent. About the middle of the seventeenth century, the standard, which with little variation we now use, was generally adopted.\* Gold was computed to be worth nearly fifteen times as much as silver. Since that period, the proportioned quantity of silver yielded by these mines, has increased, why has not the depreciation augmented? The total amount of silver produced by the mines of America, since its discovery, bears to that of gold, the proportion of 46 to 1. Why should the standard value have continued for nearly 200 years, at about 15 for 1? If gold possesses such real intrinsic value as has been ascribed to it, why has it not risen, regardless of the regulations of the Mint, in proportion to its scarcity? Even allowing that there is and has been in manufactures, a greater consumption of silver than of gold, can this consumption have kept so regular a pace with the supply; can the use, the waste, and even the casual loss, have been so invariably in the ratio of 3 to 1, as to account for the steady comparative value which these metals have maintained? May we not more correctly ascribe to the regulations of the Mint, that influence which has given to gold its high and permanent value? Should these metals once cease to be used as money, they would not only fluctuate generally and perpetually in their market-price, but perhaps no two durable substances, whatever, would vary more in their proportioned value.

\*The following notices will show some of the variations of gold and silver:

1300	In France, under Philip the Fair, the proportion } was as .....	10 to 1
1336	In Holland, .....	10 50 to 1
1388	In France, .....	10 75 to 1
1589	In Holland, .....	11 60 to 1
	22	
1601	Fixed by Queen Elizabeth in England, .....	14 = to 1
	62	
1641	In Flanders, .....	12 50 to 1
	In France, .....	13 50 to 1
	In Spain about .....	14 to 1
1660	In Italy, and Spain, .....	15 to 1
1690	At the Convention of Leipsic, the German coins } were adjusted at a fraction above, .....	15 to 1
1728	In England, .....	15 21 to 1
	23	
1816	In the United States, nearly .....	15 = to 1
	57	

This appears to have been a period of great uncertainty in the value of gold, because no general regulation of the money of Europe had then taken place.

It is, in truth, to their employment as money, that gold and silver are indebted for nearly all of the steadiness and uniformity of value, which they actually possess. We endow them with certain powers; we bestow on them certain privileges; we give them, by our decrees, a fixed and definite value; and then reason on our own decisions as on an unchanging law of nature.

Before concluding this subject, permit us to make some general, though miscellaneous observations.

We have stated fairly the inconveniences and disadvantages which attend the use of these precious metals, as a circulating currency. We propose not, however, to banish them from common use as money, whenever the situation of the world will allow them to be used without any other difficulty or objection, than that of their expense. We only deem it unreasonable, that under every inconvenience, all other substitutes for currency should, in their favor, be prescribed. We wish them to enter freely into circulation, or to be withdrawn, exactly in proportion to their scarcity or abundance. We wish them to become visible or to disappear according to the vicissitudes of commerce; but let us not be compelled to follow their mutations; let us not be chained as victims to their chariot wheels. Is it not cruel, is it not unwise, is it not almost ridiculous, that the fortune and fate of individuals, that the property and prosperity of nations, that all the relations and conditions of life, every public and private engagement, should be grievously affected by the accidental discovery or failure of a vein of silver in the mountains of Mexico and Peru; that the business of the world might in fact be disarranged, by the results of a petty civil war, carried on in one or two obscure and remote provinces of a decaying empire; or, situated as these treasures are, in the land of the earthquake and the volcano, that a shock which should overwhelm the mines of Guanaxuato and Potosi, should be felt in the most distant regions of the civilized world?

We have supposed the case of a farmer who should resolve to use no implements of husbandry, excepting such as were made of silver. What should we think of the wisdom of such a man, if, finding himself unable to accomplish his wishes, he were to determine that his fields should remain unploughed, his laborers unemployed, his property unimproved, until he could procure these costly instruments? Are we not pursuing this very system, are we not even now decreeing that our lands shall remain untilld, that our laborers shall be unemployed, that the manufactures of our country shall cease, that its commerce shall be suspended, that its prosperity shall be blighted, that its resources shall continue dormant; unless they can be restored to activity, be animated and invigorated by a metallic currency? The slumbering genius of national industry, must only be awakened by cymbals of silver or harps of gold.

We have represented the East India commerce as a vulture preying on the vitals of our country; but this will only be the case while we resolve that gold and silver shall constitute those vitals; that they shall form the active principles of life. If these metals were disengaged from their employment as money; if, like other commodities, they could become a mere article of commerce in the market, the East India trade would in many respects be beneficial—in no one, injurious to the country. It is an admirable nursery for seamen; it encourages, and perhaps improves our ship-builders; it trains up a number of skilful and experienced commanders; and if it does not consume much of our surplus produce, it at least supplies many of our wants, on better terms than we could otherwise indulge them.

But between our East India and our other commerce, there is at present this essential difference: that when an European or West India merchant wishes to make up a cargo, he is obliged to go into the market and purchase cotton or rice, or flour, or tobacco, or lumber, at whatever prices the markets abroad, and the competition at home, have established; but when the East India merchant wants his cargo, he claims the privilege of demanding from the Banks, specie at a fixed and determined price, without any regard to its real value at home or abroad. Why should this be the case? Why should not gold and silver be permitted to find their fair and real value in an open market? If an East India voyage will bear the premium of 5, or 7, or 10 per cent, which the merchant may have occasionally to pay for specie, let him buy the specie, and prosecute the voyage. But if this trade will not bear such a premium, why should it be encouraged; when from the very statement of the case, it will produce no other profit than that very premium, which the public who provides the specie, has paid him for the enterprise?

It seems to be greatly apprehended, that if the precious metals were disused as a circulating currency, they would be withdrawn from the markets, and might disappear altogether. This, however, will not happen.—Gold and silver, if reduced to merchandize, will, if wanted, always be furnished as certainly as broad-cloth or wine, or any other article of luxury or necessity. Those who require them for the purposes of foreign commerce, and those who seek for them to bury or accumulate, will readily obtain them at their fair commercial value. They may then facilitate, and they would no longer embarrass, the interchange of nations.

We have stated, that in the last eight years, the deficiency in the produce of the mines of America, has exceeded 200,000,000 of dollars; we think this amount by no means overrated. When Baron Humboldt published his views of New Spain, after having visited that country, and after he had obtained in Europe, prior to his publication, all the information which on this subject could be procured, he presented the following estimate of the annual produce of those mines:

Annual average produce of the gold and silver mines of America, about the year 1803.....	\$43,500,000
Of this sum, Mexico yielded.....	\$23,000,000

According to a late statement which appears to be official, the annual average produce of the mines of Mexico for the last eight years, ending on the 31st of December, 1818, has been \$8,100,000; making an annual deficiency of \$14,900,000, which in eight years would amount to \$119,200,000 from Mexico alone.

The Spanish provinces of South America were estimated by Humboldt, to produce annually the following amounts:

Peru.....	\$6,240 000
Chili.....	2,060 000
Buenos Ayres.....	4,850 000
New Grenada.....	2,990,000

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\$16,140,000

Now we know that Chili, Buenos Ayres and New Granada have been more convulsed than Mexico, and that Peru has not been tranquil. In some of these provinces, the works in the mines have been totally suspended; in all they have been seriously interrupted. If, then, we estimate the deficiency at two-thirds, which the statements from Mexico will fully justify, it will give an annual deficiency from these provinces of \$10,760,000; in eight years,-----

86,080,000

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 \$205,280,000

And it must also be remembered, that the war in Spanish America has been frequently, and we fear on both sides, a war of extermination. That as in our revolution, every man has been obliged to bear arms, and mingle in the conflict. The laborers in the mines, the superintendents and refiners of the ore, and the proprietors themselves, have been equally engaged and have equally suffered. The mines, too, have been in some places laid waste, the implements and machinery necessary for their works have been destroyed, and many, by neglect, have been suffered to fill with water.—The injury has not been accidental and momentary. The care of a parental government, and capital, and after all, time, will be necessary to repair their misfortunes.

Let us now trace in its dispersion, the gold and silver which are annually produced, and examine how far the supply will replace the annual consumption and waste. The amount now produced by Spanish America, we have supposed to be:

From Mexico.....	\$3,100,000
From South America.....	5,380,000
Brazil, (estimated in 1803, at \$4,360,00,) now probably yields.....	5,000,000
Europe, and the North of Asia furnish.....	4,500,000

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 Amounting to.....\$22,980,000

The silver which was annually sent to Asia about the commencement of the present century, was estimated by Humboldt as follows:

By the Levant.....	\$4,000,000	} 25,500,000
By the North of Asia, through Kiachta and Tobolski.....	4,000,000	
By the Cape of Good Hope.....	17,500,000	

It is certain that the trade of the Levant must have greatly increased, since Europe has been restored to peace. Without, however, noticing the probable addition to this commerce, or that of Russia through Siberia, we shall make a very moderate estimate, if we allow for the extension of the trade of the United States since 1803, and for the reviving trade of Holland, France, and Germany, by the Cape of Good Hope, the sum of.....

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 \$2,500,000

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 Total by the East India trade.....\$28,000,000

The annual waste in Europe and America in articles of jewelry, plate, lace, embroidery, gilding, plating, &c., it is more difficult to determine. Humboldt supposes that in 1810, it amounted to \$24,000,000. If from this sum we deduct \$4,000,000 as the probable amount of old plate sold or sent to be re-cast, it will leave an annual consumption of.....

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 \$20,000,000

Annual consumption.....	\$48,000,000
Annual supply.....	22,980,000
	<hr/>
	\$25,020,000

Leaving an annual deficiency of \$25,000,000, which must be taken from the old stock of money existing in Europe. And if Great Britain, Russia, Austria, and the United States, who at present all use paper, should determine to have a metallic currency, more than \$300,000,000 will be required for this purpose.

We have enumerated some of the inconveniencies of a metallic currency, and portrayed some of the difficulties which will attend the effort to create in our country a specie circulation. We say create, because it would be incorrect to speak of restoring that which we never possessed. In the interval between 1787 and 1790, we may place the only approach, which was probably ever made in the United States, to a real specie currency, and no one who can remember distinctly the situation of the country at that time, will sigh for the blessings we then enjoyed. To procure for us now a metallic currency sufficient for the necessary uses and commercial demands of the country, it will be requisite that the whole exported produce of the United States for three years, shall be applied exclusively to this object. France, in the reign of Louis XIV, possessed a circulating currency of 1,200,000,000 of livres (\$225,000,000;) in 1805, under the Emperor Napoleon, that currency amounted to 2,550,000,000 of livres, (\$485,000,000.) Now France, although much more populous, is less commercial than the United States; and with us, space, in some measure, compensates for our yet scanty population. It is obvious, that one hundred thousand persons collected in a city, can transact their business, and meet every pecuniary exigency, with a much smaller sum of money than the same number will require, if scattered over an extensive surface. The United States, with a population of 10,000,000 of inhabitants, diffused over an area of 1,200,000 square miles, a population rapidly increasing and daily dispersing, will need one-third, we may safely say one half, as much money for its circulation as France with 28,000,000 of people, condensed in a space which scarcely exceeds 160,000 square miles. These circumstances certainly demand attentive consideration, and the expediency and practicability of establishing in the United States a metallic currency, should be duly weighed, before the project is incautiously adopted or rigidly enforced.

On considering bills of credit, or Bank bills, as a circulating currency, it is immediately obvious that they fulfil the first condition we require in money; their own intrinsic value is not liable to change. The small expense of the material, and even of the workmanship, may be considered as nothing, when compared to their final value and their use, and there is no danger that these sources of expense will ever increase. These bills, too, have but one function to perform: they have only to measure and exchange the property of a country; they will neither be withdrawn from circulation for avarice to hoard, nor can caprice or fashion divert them to another object.

The second condition required of a circulating currency, that it should bear an unvarying proportion to the wealth of the community, is far more important, and can only be obtained with a currency which a government can regulate at pleasure. Paper alone affords this facility, and possesses,



in this view, peculiar advantages. The great object of a currency should be to preserve the value of labor and property as uniform as possible; to give to them all the steadiness which objects appertaining to men can acquire; to make calculations for the future, as probable, if not as certain as for the present. To prevent those incessant fluctuations, which, arising from unforeseen changes in the quantity and consequent value of money, in the market, cause all exchanges of property to become mere blind speculations; reduce all transactions to games of chance; and render the calculations and foresight of the prudent at times equally unavailing. It may perhaps be desirable that there should be that constant and gradual depreciation of money, which, only perceptible at long intervals, at thirty, fifty or an hundred years, may yet be operating perpetually and beneficially on the industry of mankind. But this is very different from that state, when the currency of the country is incessantly ebbing or flowing, when it can be exhausted in years of adversity, accumulated in times of prosperity, and be, however, incapable of maintaining that equable circulation, that tranquil level, which the essential interests of society require.

We have, however, no hesitation in avowing the opinion that a paper currency, to answer sufficiently the purposes of society, should be issued exclusively by the government of that society. We believe that in no other manner security can be given on those points which are essential to its stability. There is, in the first place, no other mode by which its amount can be accurately regulated and limited—no other mode by which it can be made to bear a definite proportion to the wants of society. It is among the known and avowed inconveniences of private Banks that their paper is issued or withdrawn, entirely from private considerations. Their Directors are scarcely at liberty to take into view public feelings and interests. Hence it frequently happens that in prosperous seasons, when the crops are abundant, when commerce flourishes, when industry is excited and confidence high and undisturbed, great issues of paper are made by the Banks, and money is thrown liberally into a circulation already overflowing. But whenever this prospect is reversed—when commerce has been disastrous and the embarrassments of a community begin to multiply, money is no longer issued, all that can be collected is withdrawn from circulation, and the evils of an appreciating currency are added to bad seasons, to unfortunate shipments or unsuccessful speculations.—The distresses of the country are increased by the measures which the Banks deem necessary for their own welfare. They become, themselves, oppressive to the community, at the very moment when they ought to afford relief. But a national currency could be regulated on better principles: it might be placed above the influence of temporary difficulties—it might be made to expand when it was wanted, to contract when it is too abundant, and to be stable amidst all the vicissitudes of individual wealth.

In the second place, there is no other mode by which a proper security can be taken for the final redemption of such a currency. We deem it essential to its circulation, that the people should know that not a bill has been issued, without an adequate fund having been pledged for its repayment; and that although each particular bill may not have a lien on a specific piece of property, yet the whole amount has been amply secured. Such a paper will contain within itself a regulating principle, which will preserve and perpetuate its value. Before any unreasonable sum can be thrown into circulation, so great a mass of property will be encumbered by its

issue, that there will probably be as many persons anxious to relieve their possessions, as to contract new debts. There will, at all events, be many, able and willing to remove, under favorable circumstances, the incumbrances from their own property. If then this paper should at any time depreciate, even three, four, or five per cent. there will be many persons ready to avail themselves of this advantage, and secure this premium. If it depreciates more, this result will inevitably take place. Great repayments will be made. And as no person will be desirous of borrowing a depreciated currency—as in fact no new loans ought to be made at such periods—every debt discharged will diminish the quantity of paper afloat, until its scarcity will again raise it to its proper value. This action and reaction will be perpetual, for they are the result of the strongest impulses of self-interest. It will be only necessary to determine that no new loans should be granted—no new issues made—while there exists any tendency in the paper to depreciate, and it will readily find and maintain its proper level.

A paper money whose basis is firmly fixed on the real property of a country will probably furnish the best currency a nation can possess. The one least liable to fluctuation, most permanent in its value, and bearing the most steady relation to labor, and consequently to property. This connection is intimate and almost inseparable. The earth, it is true, is the immediate donation of heaven, not the result of human labor. Yet to the labor of man it is indebted for its improvements, and frequently for its value. It does not, we acknowledge, increase in value in proportion to the labor bestowed upon it, and therefore cannot directly represent that labor. But it is found steadily to increase in value with the general improvement of society, and frequently to mark, by the rise of its prices, the progress of wealth and national prosperity. The price of land is an index which may be used in reviewing the history of the wealth of nations, and great confidence may be reposed in its authority. The real property of a nation forms the only foundation for a national currency, which can neither be removed nor destroyed. As long as the property of a nation bears any value, its land must bear its full proportion of that value; as long as there remains any wealth in a community to be represented, money founded on such a basis, will represent that wealth; and whenever its wealth has departed, whenever that evil hour arrives, when the real property of a country has ceased to possess any value, it will be perfectly immaterial what has been its circulating currency. This will be but a fact for history to record.

But the cry of death has been raised against a paper currency—a war of extermination is excited against a symbolical money. It is said that paper is but rags, that it possesses no real and intrinsic value, and that therefore it is incapable of forming a sound currency. May we not reply that promissory notes, bills of exchange, bonds and mortgages, are but paper—according to this doctrine, only rags. Wo be to him; however, who, possessing property, should put his hand to such instruments, and suppose them to have no efficacy. This clamor, too, has been raised by many who probably for the last twenty years have used nothing but paper; and who, perhaps, have never in that time felt one moment's embarrassment from the composition of the money they were constantly employing. Yet to these persons we would most seriously reply, that money in its original intent and purpose, was not intended to be property itself, but a standard

which, by general consent, should measure, and represent, and facilitate the exchange of property. If then with this very paper, which is so much traduced, we can go to the butcher and baker, and procure bread and meat—if we can go to the tailor, the shoemaker, the hatter, and obtain clothes—if we can go to the auction table and purchase horses, or furniture, or houses or land—if we can go to the broker and procure public securities and stock of all descriptions, (paper by the bye themselves)—if we can go to the importing merchant and buy goods, or bills of exchange on foreign countries, or even specie itself—if, in short, with this paper we can pay taxes, or debts, and procure every article of necessity and comfort, without difficulty, without delay, without even an inquiry, as to the nature of the medium to be given in payment, what more has money to perform? This paper, it is true, cannot be hoarded, neither can it be buried; but to those who have this propensity, we would say, buy in the market those articles that can be hoarded, buy diamonds, buy plate, buy gold and silver in coin or in bullion—this very paper will purchase them all; bury them in the bosom of the earth and sleep in peace. It is indeed an advantage in paper, that it cannot be hoarded. If, while using such a currency, there should be persons who, mistrustful of the present and fearful of the future, become anxious to collect and amass property that can be readily concealed and easily transported, they, at the worst, only accumulate an unproductive stock: they do no more nor worse than those who lay up wine, or purchase costly furniture; they only withdraw so much from their own productive capital. But when the currency of a country is itself hoarded, society at large suffers; because it is obliged to purchase and replace that portion of its money which the timid or suspicious have subtracted from circulation.

But it is still apprehended that paper must depreciate. Some even suppose that this depreciation cannot or may not be detected, until some serious, perhaps irremediable injury is inflicted on a community. We have already stated our reason for believing that a paper currency, prudently issued and cautiously limited, will either not depreciate, or will at least contain within itself a preserving principle. Money must absolutely exist in every civilized country. A certain portion is, in fact, so necessary, that it would have currency even if issued on the worst principles, and composed of the vilest materials that can be imagined. If wisely constructed and established, why then should we apprehend danger?

There are, besides, tests, by which the slightest depreciation of paper can at any time be detected. The value of money is known, not by referring it to any standard we have ourselves created, but by comparing it with the current money of other nations. We know, for instance, at the present moment, and may know whenever we establish a national currency, what relation or proportion our unit bears to that of other nations. What our dollar bears to the pound sterling of Great Britain, the livre of France, the mill rea of Portugal, or the standard money of any other country.—While these proportions continue uniform, no change can have taken place. But whenever we find these relations broken, if no alteration has taken place in the money of other countries, we may justly suspect some variation in our own. The reality and extent of this change, can also easily be known. The rate of exchange between our country and foreign nations will show it. The prices of our great staple commodities, will make it still more clearly manifest. Whenever, in our markets, the prices of cotton, rice,

or flour, preserve the proportions they now bear to the prices in the European markets, making merely an allowance for the expense and risk of transportation, with a very moderate addition for the profit of the exporter, we may be assured that our money also maintains its relative value. But whenever the prices here shall exceed, according to the standard we may use, the prices abroad; whenever sixty, eighty or an hundred dollars are given in our markets for that which will bring but fifty in the foreign markets; we may then conclude, that allowance has been made for a depreciated currency. We have already demonstrated that no such depreciation has yet taken place; the same principles will test the subject on all future occasions.

It may, however, be necessary distinctly to state, that it is not with gold and silver alone, that this comparison ought to be made. They may be used equally with other property, as objects of reference, but they ought not to be considered as the exclusive objects. A currency may continue sound and unaltered, it may bear an uniform relation to labor, to real estate, to public securities, to provisions, to all the objects of life that are important as property: and yet may have varied greatly with regard to the precious metals; simply because those metals may have undergone great alterations in their own intrinsic value.

Another evil imputed to a paper currency is its liability to abuse. It is apprehended that from the facility with which it can be created, no limit will be placed to its amount; that the community would soon be overwhelmed, that the value of property would be destroyed, by immoderate issues of a depreciated paper. To this we can only reply, that if this currency were exclusively subjected to national regulation, we should be perfectly willing to trust it to the sound discretion of our government; to that sound discretion, to which we constantly submit our lives, our liberty, and in so many other modes, our property itself. We believe, that if it were once to be established, as a principle of national economy, that such a currency should in no case be issued, unless on ample security pledged for its repayment, the government would no more be induced to depart rashly from such a principle, than to issue metallic money of a debased and depreciated standard. The power in both cases would equally exist; the temptation in both cases would be equally strong; and we know of no necessity that would palliate or justify the one enormity, which might not be pleaded for the other with equal effect.

As it has been made an objection to a paper currency, that it is liable to be forged, it may be necessary on this point, to make one additional observation: We have already remarked, that it is much more easy to counterfeit metallic coin, than to forge Bank bills. We will not only add, that we believe the improvements, which can and will be made, in the fabrication of these bills, will soon render forgery too difficult or too expensive to be practised with success. We know the mildness of the punishment for this crime in some of our sister States, has greatly multiplied these offences; but we feel confident, that even at the present moment, any man capable of forging such bills as are now in use, could readily make a fortune, not only without risk, but with reputation and honor, by his profession as an engraver. And can we think the perversity of human nature so great, as to induce any one to prefer danger, disgrace and death, to certain and well-merited fortune?

We have only examined this great question hitherto on abstract principles, but one national consideration yet remains of paramount importance.

We believe, that by years of suffering, of impoverishment, of ruin; a metallic currency may be established in the United States, but we firmly believe, that when accomplished, it can only prove a temporary system. We acknowledge that during the continuance of peace it may be maintained, but we are firmly convinced, that on the first onset of war, it must be abandoned. If that war should be with a nation possessing maritime power, we should immediately find the sources which supply us with specie, diminished or intercepted; while the causes of exhaustion were extended and multiplied. We should soon find all the relations of property disregarded; all the pursuits of labor embarrassed; we should feel the influence of war, in every situation and occupation; and we might have a dissatisfied, because an impoverished population. Even then, we should be unable to contend advantageously with any nation who may know how to use a paper system, with dexterity and vigor. It is not merely loans that we mean; where there is little or no money, even loans cannot be obtained. It is the creation of a good currency which will command the resources of the country, which will prevent the operations of government from being suspended or weakened on all occasions, by the want of money. It is in vain to turn aside from the importance of these views. It is idle to speak of the evil of heaping up embarrassments for a future hour, or on a future generation; of the folly or wickedness of these modes of anticipation. The efficacy of this system is well known. There are no other means by which so much power can be accumulated in the present moment—by which the energy of ages can be concentrated in the passing hour. This system will be used whenever convenience requires or necessity demands. It will be used whenever it becomes essential to the welfare, the safety, or even the glory of a country. It will be used by all governments that can command confidence at home or abroad. Is it then wise, in peace studiously to discredit that, which in war may be essential to our safety? Shall we now tell our citizens that paper is but rags; that a paper system cannot be rendered worthy of confidence; and in the day of danger assure them it is on paper they must rely, that their welfare, their honor, their national existence, may depend upon it? Will this tend to diminish the distractions of such an hour; will it tend to unite the actions and councils of our countrymen? And if at such a period, feuds and jealousies and local dissensions should prevail, will this serve to harmonize all discord, to suppress or extinguish all party feelings? Surely it would be a measure, about which the rancorous and exasperated spirits of the times, would contend with aggravated fury. It would indeed be better to improve the calm we now enjoy, and construct and establish a national currency, on the best foundation; our citizens will then in peace become accustomed to its operations, familiar with its use, and acquainted with its principles. In danger we should possess a currency which commerce could not withdraw, nor fear diminish. The internal transactions of our country would experience no interruption; war itself would only be felt in its battles or its conquests; and the fiscal resources of the government, and the business and pecuniary intercourse of our citizens, would be managed with all that ease and regularity, which results from habits of long and well established confidence.

We have spoken of paper in what appears to us its best form, a national currency emanating from the government, but still secured by private credit, and individual responsibility. It may be now proper to show, that even in that shape in which it has hitherto existed in this country, it has been free from many of the evils which have been imputed to it.

Banks have been, and perhaps will continue to be; found the most convenient instruments that can be employed for circulating a paper currency, and for procuring to it confidence and credit. They possess or create so many conveniences; they transact so much and such a variety of business; they adjust in a measure the accounts of so many individuals; that whatever money they receive freely, they will generally in a short time be able to pay away with equal facility.

So much has been said lately about Banks, by persons who were apparently but little acquainted with their principles; such wrong impressions, on some points connected with these institutions, appear to have been made on the public mind, that it seems necessary to recur, however briefly, to their original construction, and trace the operations of a Bank from its first formation.

Let us then suppose that a Bank has been established, no matter from what source, whether with public or private wealth, with a capital of \$100,000, with permission to issue notes to double the amount of its capital; and that this capital has all been paid in, in the current money of the country. It will now be prepared to commence business. If this current money has been the bills of other Banks, it will demand from them as much specie as may be deemed necessary to support the credit of its own paper; if specie, it will retain as much as will answer the same purpose, and will loan out the remainder. It has rarely been considered expedient or useful to retain more than one-third or one-fourth of the capital of a Bank in specie, as it would be generally an idle accumulation of productive funds. Let us, however, suppose in the present instance, that one-half has been reserved, for the current and contingent uses of the institution, and that the other half, and all of the bills it was authorized to issue, have been thrown into circulation, for such promissory notes, or bills of exchange, as a Bank is accustomed to discount. The general result will then be as follows:

The Bank will possess in specie,.....\$50,000

And in notes which it has discounted,.....\$250,000

On the other hand, it will have issued in its own bills,.....\$200,000

On this short and simple statement, permit us to make the following observations:

1st. It is scarcely necessary to remark, that the whole of the paper of the Bank has been issued for promissory notes, secured by the deposit of valuable property, or by names supposed to be solvent, and able to pay whenever they shall be required. Perhaps no bill of this whole amount has been issued for specie. When, therefore, Banks are required or expected to have specie for the total amount of their bills, it is, perhaps, never recollected, that notes and not specie were received for them. And, therefore, it is, in the first instance, no mark of fraud or insolvency, if they have not at all times specie to redeem them.

2d. The specie which a Bank acquires in a regular course of business, over and above the stock it originally reserved, is generally received from the deposits of its customers, or in payment of its discounted notes. When the circulation of a country is in specie, these sources furnish an abundant supply. The streams that flow out are fed by fountains of equal capacity. And if an extraordinary demand should occur, the Directors, by declining to do new business for a short time, while they are constantly receiving payments upon what they have already done, can without difficulty provide for such an emergency. When the circulating currency of a country is not specie, the case is widely different. The supply is no longer equal to the

demand. The payments made are neither wholly nor in part in specie. The Directors of a Bank are compelled to use great vigilance ; to pay out as little specie as possible ; to purchase bullion on all favorable occasions ; and to guard with prudence and fidelity the credit of the institution. But when an extreme case occurs, when in addition to a paper circulation, the specie of a country is constantly and specifically demanded, for foreign commerce ; when the sums drawn from the Banks are not thrown again in circulation, but immediately exported ; we believe no exertions can maintain, under such circumstances, the system of specie payments. It will be found, as it has been pronounced, an absurdity to require specie payments from the Banks, with a paper currency throughout the country. The country must return, whatever may be the cost, to a specie circulation, or the Banks must be permitted to issue paper not payable on demand, in gold or silver.

3d. The real solvency of a Bank depends, not upon the amount of specie it may at any time possess, but upon the nature and validity of the security pledged to the Bank, upon the responsibility of the individuals indebted to it. It is, therefore, by examining the nature of the business a Bank has transacted ; by scrutinizing the situation of the persons with whom it is connected ; that a true estimate is to be formed of its prosperity. In the statement we have made, it will be perceived, that to redeem \$200,000 of its paper, the Bank possesses \$50,000 in specie, and \$250,000 in discounted notes ; now the drawers and endorsers of more than \$100,000, that is of more than two-fifths of the whole amount, must prove insolvent, before there can be a deficiency of funds to redeem this paper. This can never happen but in cases of such manifest fraud, as would become immediately known to the whole community. In well managed Banks, a sum is always reserved out of the annual profits, sufficient to cover all the known bad debts of the year ; and if a season has been peculiarly disastrous, (and no prudence can always guard against the vicissitudes of commerce,) if the losses have been very great, the dividend on the stock of the institution is diminished, or entirely withheld, to repair and replace those losses. In this manner the solvency of a Bank, honestly administered, is secured almost beyond the reach of casualty ; and its embarrassments are only those temporary obstructions which arise from the difficulty of collecting its debts at particular seasons, or under peculiar circumstances. If, in the case we have represented, the Bank should have issued bills only to the amount of its capital, or \$100,000, its position would be still stronger. It would then possess \$50,000 in specie, and \$150,000 in discounted notes, to pay \$100,000 in its own paper. Two-thirds of its discounted notes must then prove bad, before it can cease to have funds to redeem its own bills. So far then as the public, who give currency to the bills of such a Bank, is concerned, the security is abundantly ample ; and if due care has been taken to make provision annually for such notes as have proven, or are likely to prove unsound, the proprietors may reasonably expect to receive, besides their annual profit, the whole amount of their capital, whenever circumstances may lead to a dissolution of the institution.

4th. We may now perceive how idle is much of the clamor which has been lately excited against Banks. In many cases, the debts due to a Bank, the notes which it has discounted, and for which its paper has been actually issued, have been considered in the estimate made of the situation of a Bank, as of no importance. One would suppose from some views taken

of the subject, that the property of the country had ceased to bear any value, that every man was in a state of insolvency. We believe that if causes should suddenly occur, to produce what is called a run upon Banks, that is, if all the paper issued by a Bank, should be brought back to it, and payment unexpectedly and immediately demanded, no institution doing business actively, has ever been prepared to meet such a pressure. Banks, like individuals, make their calculations upon the ordinary occurrences of life, and do not feel themselves obliged to be prepared at all times to meet those events, which may never happen. They make generally liberal provision for the contingencies that are probable, and beyond them calculate that they shall always be able to collect their debts as rapidly as circumstances may require. Extraordinary events may baffle their expectations, because it will commonly happen, that the same causes which produce great and general pressure on the Banks, create an equal pressure on the individuals who are indebted to them. Embarrassments of this kind are very far, and very different, from a state of insolvency.

5th. However paradoxical at the present hour it may appear, we feel disposed to assert, that the benefit which the community receives from a Bank, is exactly in proportion to the amount of paper it can issue, over and above the amount of specie it retains in its vaults. If a Bank, possessing \$100,000 in specie, should issue but \$100,000 in paper; if it is obliged to keep a specie dollar in its vaults, for ever paper dollar it sends abroad, it adds nothing to the circulating currency. It would indeed be better for the proprietors to divide their capital, and loan it out themselves, without the expense of management. But if a Bank with a capital of \$100,000 can circulate, with safety and prudence, 2 or 300,000 dollars in paper, it then creates a capital, which may be actively and profitably employed. We say with safety; that is, if it can be issued on perfectly good security; and with prudence, that is, if it can be made to obtain general currency. This latter point, experience can only determine. If such paper can be made to circulate, and acquire general confidence, the institution becomes prosperous; and its profits are proportionally enhanced. If this confidence cannot be obtained, if its bills return rapidly on the Bank, it is obliged to curtail its business, to call in its debts, until only such portion of its paper remains afloat, as is really absorbed in the general circulation of the country; and just according to the excess of this portion, over the specie it retains in its vaults, is the general utility of the institution.

Let it not be supposed, however, that we imagine Banks may not have been unnecessarily created; that particular institutions may not have issued too much paper; or that all of them may not incautiously have discounted notes on insufficient security. We believe the two former cases may have occurred; we know the latter has frequently happened. We have just stated the principles on which a Bank ought to issue its own paper. If it attempts to force more into circulation, than that circulation will absorb, the paper will return, to the injury, perhaps ruin of the institution. This is a check on this abuse, of a most efficient nature. Banks, however, may be so multiplied, as to defeat their own objects; too much capital may be employed in this, as in any other occupation; bills, too, may be issued from so many institutions, may require at last so much caution in the public, may afford so many facilities to forgery, as to discredit Bank paper altogether. Banks, too, with small capitals, are more easily embarrassed than those with extensive resources. They may frequently be checked and dis-



credited by individuals with extensive resources, whom they may happen to offend; and the failure, or even apprehended failure, in times of difficulty, of a number of small institutions, will affect and injure even the most prudent and most substantial. But these evils are only incidental, not by any means inherent. They can be readily removed by time, and public opinion. And while, in the last place, we admit that credit is frequently given incautiously, and without due consideration; that Banks sometimes place confidence in individuals by whom it is not merited; we confidently assert that no evil in society bears within itself a more radical and certain remedy. A Bank, no more than an individual, can ever desire to render itself bankrupt. Its Directors will at times err, and may be deceived; but they never can wish to contract bad debts. As soon as they find that certain persons or classes of persons, are engaging in hazardous projects, as soon as they discover that commerce itself has become fluctuating and uncertain, they begin to withhold their discounts, to call in their debts, particularly in those quarters in which they have become suspicious, and soon, perhaps, create more alarm from their vigilance, than from their remissness. Some losses such institutions must sustain, but losses to an extent materially injurious to them, can only occur from such fraudulent combinations as rarely take place in any community; such as must be speedily detected, and ought to bring down on those concerned, the indignant justice of their country.

While, however, in justice to the private Banks, we have endeavored to vindicate them from many of the charges which have been alleged against them, we nevertheless think that some errors have existed in the practice of Banking pursued in the United States. We have adopted a mercantile system, without giving to it the rigor which such a system demands. Without remembering that in a mercantile system every transaction ought to be closed at very short periods, not exceeding sixty or ninety days; that no renewals, no protracted credit, should be allowed. By adhering to one part of this system, while we have abandoned the other, we have rendered everything anomalous; we have made our theory and practice alike inconsistent. In general, Banks are still considered as only calculated for mercantile uses, only to support and be supported by mercantile credit. The man whose property is fixed and immovable, is considered an improper customer; he whose possessions are constantly changing, is the favorite at their Boards. The man whose estate is real, readily known, and incapable of concealment, is discountenanced and rejected; while he whose means are invisible and intangible, capable of being transferred instantly and secretly, is patronized and supported. The planter, the farmer, the freeholder, make their annual ventures, but it is their income only which is at hazard. The merchant stakes constantly both income and capital, yet on this very account, because his whole property is afloat, frequently in money, generally in objects easily converted into money, and therefore apparent in the books of a Bank, he enjoys the highest privileges; and credit gives to him advantages, which the most substantial wealth cannot obtain. The results of such a practice, are exactly those which such a theory merits.— On every shock in the mercantile world, bankruptcies are numerous. The docket books of the courts are crowded with suits on behalf of Banks, to recover that which, like the fabled Proteus of old, has assumed, or can assume, any shape, which may suit the views of an interested debtor; or which, like a shadow, has vanished altogether. An insolvent debtor's act closes each little drama, and leaves the actors to make new exhibitions, in

new characters. And it is on experiments of this kind, on a practice so hazardous and unwise, that the Banks stand accused of encouraging a speculative temper in society; of promoting rash and visionary adventures; of enabling men to embark with fictitious capitals in perilous enterprises; and under the standard of mercantile credit, to involve in their calamities an innocent community. But let them reverse these principles, let them consider real and ostensible property, as the foundation of all extensive credit, and no serious losses can then accrue to themselves or to society.— They may move slowly, sometimes heavily; their machines may be cumbersome, it is true, and unwieldy, but they will at least advance steadily and safely, over the rough roads, and in the bad weather, where the slight, tremulous car of commercial credit will be shivered to atoms.

If mercantile Banks would adhere strictly to mercantile principles, if they would only discount bills or notes given in the course of real business, and for which payment in full would be expected whenever they became due; or if they only granted those accommodations which a merchant might occasionally require, while converting stock into money, such as would merely render it unnecessary for him to keep large sums of money unemployed, they would accomplish without risk, the objects for which they were probably first established. Their business would then be satisfactory, their calculations certain, and the embarrassments of the passing day, could always be counteracted by easy and competent arrangements. But when extensive credit is given on the apparent business which mercantile houses are transacting, when indulgence is extended and expected, not only until a cargo can be purchased, but until that cargo can be exported, sold, invested, the returns re-shipped, and again realized; individuals are tempted and encouraged to trade, not in truth, as has been said, on artificial capitals, but on the real and substantial capital of the Banks themselves. While these institutions incur the risk arising in each case, not only from the uncertainty of the speculation itself, but from the possible insolvency or want of faith in every person through whose hands the property must pass.— We doubt whether the situation of our country admits of the rigid application of mercantile principles; it becomes, therefore, the more important to look, on all occasions, steadily to the security which may be offered for the final, although, perhaps, protracted payment of every debt. We believe that no security can be better, none so efficient, as that of the merchant, whose success has enabled him to realize a large portion of his capital, and to continue with the remainder a limited commerce; no security so uncertain as his, whose property is always employed and constantly jeopardized. No government for Banks can be better than that of the merchant who has fairly and decidedly retired from business; none, perhaps, so hazardous as his, who is actively and deeply engaged.

From these general considerations, we must now return to a more unpleasant subject, while we review the transactions of our own Institution, and exhibit the embarrassments under which we have labored, and the impediments which attend our future operations.

We trust that we have sufficiently shown that the bills of the Bank of this State have never depreciated, and that the money issued by them has never equalled the amount which could have been actively and advantageously employed in the country. It may be now proper to prove that the Directors of this institution have never neglected those means which were

necessary to secure its substantial credit, and to preserve to its paper, the high confidence which it has always enjoyed.

Although we have never ceased to consider the resumption of specie payments in February, 1817, as unfortunately premature; as having produced great evils, which might have been entirely avoided, by a delay of only six months; yet the Directors of this Institution acquiesced in the decision of the country, and from that time, have been unceasing in their efforts to maintain a specie currency. We have endeavored to co-operate, as far as possible, in what appeared to be a favorite object with the government of the United States; we made efforts, which, to many of the ablest of our Directors, who yet acquiesced in them, appeared to be unnecessary and superfluous. In twenty-six months, between the 20th of December, 1816, and the 20th of February, 1819, while our capital, which is progressive, had increased from \$466,129 84 to \$909,221 81; we procured for the use of the Institution upwards of \$500,000 in specie, without taking into view the small sums, which were daily passing through the hands of our Tellers; or without including the amount which we possessed at the former period.— And this amount, (exceeding half a million of dollars,) was fairly added to the specie capital of the country. At the first commencement of our business, we did draw from the Banks a small sum in specie; but as specie payments were at that time generally suspended, we merely exacted a moderate amount, (\$60,000,) to meet any demand which the exigencies of the State, during the continuance of war, might require. Since that period, we have never knowingly or intentionally drawn one dollar from the vaults of any other Bank. It has been our wish, and we believed it to be our policy, to have with them a common interest. We considered the business of the country as more than sufficient for the capital of all our Banks, at least until our own capital should be greatly augmented; and we had proofs which appeared to us demonstrative, that the paper we were authorized to issue, would not supply the real wants and uses of the State. We found our own means insufficient to meet and transact the business, which was offered us from every quarter of the country. We felt, therefore, no wish to cramp or cripple the operations of other institutions; we were rather gratified that the State should enjoy the full advantage of its pecuniary resources. We, consequently, drew from the commerce of the country, not from its banks, the specie which appears to be necessary to support the credit of our paper.

We have already stated the circumstances, under which specie payments are easily maintained by Banks, and we have pointed out those causes, which render them difficult and expensive, if not impracticable. But latterly, new impediments have arisen, that are nearly insurmountable. In addition to a paper circulation, and a specific demand for silver for exportation, the Bank of the United States appears determined to avail itself of its great advantages. It has assumed a position which has rendered all other embarrassments unimportant.

In the ordinary routine of business, in cities where many Banks are located, it will commonly happen, that each Bank will receive the paper of the other Institutions, nearly in proportion to the business they mutually transact. Their accounts, therefore, if accounts are kept between them, can usually be balanced by an interchange of paper; but more frequently, when good temper exists among them, each will discount without hesitation, on the paper of the other Banks which it may hold, and thus throw it again

into circulation. If any Bank should manifest a spirit of hostility, it is checked by the common exertions of its rivals, because the paper of other institutions which it may possess, can and will be counterbalanced by the paper which it has been obliged itself to issue.

But an entirely new case occurs, when a Bank, without doing business, becomes, from extraneous causes, the depository of the circulating currency of the country; or at least becomes a channel through which all of the money of the country must flow. When such an Institution chooses to act with hostility; when it requires that all or a great portion of that paper, which is constantly and necessarily passing through its coffers, shall be immediately redeemed; no prudence can guard Banks differently situated, against such a pressure, no exertion enable them to support its continued operation. To suspend business totally, and to withdraw its paper from circulation, is the only system which can then place any Bank in a state of security.

In this community, the Bank of the United States has no paper in circulation. All of the duties, or taxes, or debts due to the national government, must therefore, as long as those debts, or taxes, or duties continue to be collected, be paid into the Bank in the bills of the local Institutions.—Not because those Institutions have issued too much paper, not because they have overtraded, not because they have been imprudent, but because there is no other money in circulation. And under the present system this must continue to be the case, until their last dollar is actually withdrawn. And if a Bank which, like that of the State of South Carolina, has been formed for the public benefit, and has been avowedly destined to relieve the distresses of our fellow-citizens, in moments like the present; if such a Bank should procrastinate the time of calling in its paper; if it should delay to the last possible hour, the pressure, which such a measure would necessarily occasion; if unmindful, perhaps, of its own immediate interests, it should endeavor to check or avert the ruin which was overwhelming the community: it might appear at last to have a great deal of paper in circulation, because its paper would finally form the only currency, which the public would have to use. Against such a Bank it will then become easy to accumulate balances. And under such circumstances, it will not create surprise to learn, that in a little more than thirteen months, this Institution has been compelled to pay to the Bank of the United States upwards of \$528,000; besides about \$50,000 of our own paper, which were drawn out of its vaults, by stock sold expressly for that purpose. And as there are four other Banks in Charleston, against all of whom large balances have been obtained, it is easy to perceive why the business of the city and country has been embarrassed and curtailed, why there has been, and why there must be, for an indefinite time to come, a suspension of all accommodation.

If the Bank of the United States depended entirely on its own resources, great as is its capital, and great as are its advantages, there might be some chance for competition. If it did business extensively, it would be compelled to issue its own paper; if it transacted no business, it could collect no balances against the local institutions. But standing as it does in our community, the reservoir and depository of the national wealth; receiving into its vaults, the overflowing tide of public revenue; acquiring in this manner nearly all of the circulating paper of the local banks; its operations against them, when hostile, are irresistible. But it is only by the immense deposits of the United States that these operations can be effected;

it is by the resources of the nation that we are overpowered ; it is by the arm of government that we are oppressed ; and it may merit some inquiry, whether the arm of government ought so to be employed.

These circumstances merit the more consideration, because great injury may, on certain portions of the country, unexpectedly and unintentionally, be inflicted. A system, general in its principles, and uniform in its application, may be unequal and oppressive in its operation. The Bank of the United States derives its principal, if not its only means of annoyance, from the resources of the government. In places, therefore, where little or no revenue is directly paid to the government, it can acquire no ascendancy over the local Banks. In places where large portions of the revenue are received, if great expenditures are made by the United States, the same result will ensue ; no balances against the State Banks can accumulate, because the revenue, as fast as it may be collected, is employed in the service of the government. It is only in places where a large part of the revenue is received, and little or nothing expended, that the full and ruinous effects of this system can be exhibited. In such places, its influence and control are absolute and unlimited. It should perhaps always be kept in remembrance, that where large sums are collected in one part of a country, and employed in another, the government ought to afford every facility and indulgence in the transmission which may be practicable. It is a heavy tax on a community to lose annually a large portion of its circulating currency, which it must replace. In very prosperous periods, these burdens are not felt or not considered ; but in moments like the present, they press on our attention, because they all conduce to impair the decreasing means of the country, to retard the hour of returning prosperity.

There is one view of the subject, which, however unpleasant, it is impossible to overlook. Wherever a Branch of the Bank of the United States is established, it immediately becomes an instrument, by which all other monied institutions are and must be regulated. At its pleasure, they transact or suspend business, and at its decrees, the commerce of any city, or local district, can be interrupted or paralyzed, or totally destroyed. It wields in truth a power, which the government of the United States itself cannot exercise, and does not possess. The laws of the United States must be enacted publicly, and must have an universal and uniform operation. The decrees of the Bank are passed in privacy, and are only known by their effects ; they can be made to act on one city, or on one district of country exclusively ; they can cripple the enterprise of one State and promote that of another ; they can drain the specie from the Banks of one district, to facilitate the operations of their officers in some more favored or more unfortunate quarter. Decisions which may affect every pecuniary transaction of a country, may be made in silence, and executed almost in secrecy. They would at least only be known, and then but partially, at the moment of execution. A community may feel their effects, may find itself involved in distress and ruin, without being able to trace distinctly the origin or extent of the operating cause. The commerce of any particular city, may be destroyed even without design, for the power of this corporation is as yet, perhaps even to its Directors, but inadequately known. There can be no doubt, that if in two contiguous cities, such as Charleston and Savannah, a system of coercion against the Banks, and consequently against individuals, should be enforced in the one, and not in the other ; such would be the facilities given to the merchant, such the accommodation

to the planter, such the advantages afforded to the mechanic in that city, in which a liberal system should be adopted, that in a very short time, we should find every floating branch of commerce, every species of removable property, every individual unattached to the soil, transferred to that spot where business was unshackled and encouraged. In one of the cities we have mentioned, this truth has been perfectly well understood.

In Charleston, overtrading has been a cabalistic word, which has superseded argument and fact, and has threatened destruction to every interest. This ominous cry has issued from the press, has been repeated at our corners, has re-echoed through our streets, until hundreds who had not the means or the leisure to inquire into its correctness, considered themselves obliged to join in the denunciation, and unite their efforts to suppress so potent an evil; to suppress the commerce and exertions of our community, to repress that buoyant and elastic spirit of adventurous enterprise, which has distinguished and elevated the character of our country, and given it a pre-eminent station among the nations of the globe. In Savannah, the inhabitants have more, fortunately, if not more wisely concluded, that although some individuals have been injured by great, perhaps unguarded business in a disastrous year, that their extended and growing commerce, has been, notwithstanding, beneficial to their city, advantageous to the country, and profitable in various modes to many who were engaged in its prosecution. They have been able to perceive in the extent of their trade, the germs of individual and national prosperity. They have, therefore, with one accord, promoted and upheld it under every pressure, supporting, as far as it was practicable, those who had been unfortunate; and enabling those who had been successful, to pursue with increased facility, the career of fortune. Can we be surprised if with such views, that city has greatly prospered, and is now prospering; must we not expect that as long as it can maintain and perpetuate such liberal principles, it will continue to prosper?

How idle, how visionary, how ruinous are the efforts to enter into the detail of personal pursuits, and regulate the employment of capital. We are called upon to clip the wings of commerce, manacle the hands of industry, control the spirit of enterprise, that they may not range through the world, and endanger by their excesses the tranquility of our systems. The government, or the Banks, must manage the transactions of its citizens, lest they become wealthy and misemploy their wealth; or become idle and adventurous and squander it away. Money must be withheld, that individuals may not plunge into ruin; credit must be withdrawn, lest it be unprofitably used. But amidst these cautionary projects, we may have yet to learn, that a commercial people deprived of a circulating currency, disappointed in their customary accommodations; crippled in their resources, oppressed in their exertions, may become a people without commerce; that the torpor of the heart must soon produce in every member the coldness and stillness of death.

It is peculiarly unwise to shackle and curb the freedom of mercantile adventure. The path of the merchant is full of peril and uncertainty; his life is one of constant, of bold, and even daring experiment. It is his province to traverse each haunt of man, to visit each trace of human habitation; to explore every source of human desires or human wants; to seek in every region, a market for the productions of his native country; to search in every clime for the commodities wanted at home for domestic enjoyment;

to transport and interchange the manufactures and arts of the most remote and most widely separated people; to supply the mutual and necessary wants of nations; he is found in every port, his canvass whitens every sea; wealth is his object, danger and toil and hazard are his companions, the world is his domain. He knows that his efforts may be counteracted by the elements, may be injured by unforeseen competition, may be frustrated by unexpected restrictions, may be destroyed by the occasional conflicts of nations. He must provide against these evils by foresight, by prudence, by sagacity, or lose his high name and standing in the community; but as it is from his personal information and knowledge, that he frames his adventures, not by the direction of the government, so it is by his own caution and vigilance, not by the supervision of others, that he must guard against their failure.

If we have indulged, perhaps idly, in these reflections, it is because we have felt the effects of these opinions. It appears to have been in this city, a prevalent idea with the directors of the branch of the Bank of the United States, that the business of the country had been imprudently augmented; that the merchants and local Banks had all greatly overtraded; that they required to be checked and restricted, perhaps stood in need of parental guidance and admonitory counsel.

Yet amidst all of these difficulties, there might have been circumstances which would have silenced every murmur. If the Bank of the United States were really a National Bank; if its resources, its objects, its advantages, were national; if it had created a national currency; if it had facilitated by its arrangements, the intercourse, or increased the harmony of the different members of our union, amidst the benefits it was extensively diffusing, the occasional evils which it produced, might have been unnoticed, or would have been disregarded.

If it were really a National Bank; if its capital were truly national; if its income and profits belonged solely to the government, and were, or might be applied exclusively to national purposes, amidst the general splendor and utility of its results, every minor consideration, every personal or local interest, would have been forgotten. But, in its present situation, a corporation which may be owned and governed by a few opulent men in our great cities, and be directed solely to private and personal objects; which may be monopolized by foreigners; or which may exhibit once more, scenes of unexampled and unblushing speculation; we know not why the other private or local institutions should be prostrated before it; why the interest of the many who have invested their property in the State Banks, should be sacrificed to that of the comparatively few, who are interested in the Bank of the United States; or why the government of the United States should employ their means, or suffer them to be employed, to overwhelm and destroy institutions which, in the hour of difficulty and distress, afforded to their country the most efficient aid.

The Bank of the United States enjoys many privileges, which even under common circumstances, give it great advantages over the local Banks. Its great capital, its extensive credit, and the power of circulating its bills over the whole surface of the United States, enable it to transact more business, and to issue with safety more paper, than any other monied institution. The bills payable at Boston may be actually distributed at New-Orleans; those payable in Charleston may be scattered on the Missouri. These are important privileges, to which it is fairly entitled from

the services it renders to the government. But when it employs these advantages to destroy, when it intimates, by its conduct, a design to accomplish that object so often hinted at by its great stockholders, of standing alone in society; the citizens of this country will be inevitably compelled to inquire into the purposes for which this power was ostensibly given; and into the expediency and propriety of placing the credit and fortunes of almost every individual in the United States, perhaps the commerce of our cities, and the resources of our country, under the control of the directors of any one private institution.

Neither must it be forgotten that the directors of the Parent Bank, by whom all the subordinate branches are governed, let them be selected with the utmost caution, must in their views and feelings be essentially local. The opinions and prejudices, and even errors of Philadelphia, must be their guides. We cannot expect always to find or retain in its government men superior to the age or community in which they reside. Their leading object must be to render their arrangements at home satisfactory; every movement of the system must bend to this purpose. They will listen to rumors of sufferings, of ruin, in the remote corners of the Union, with the same general emotions of sympathy, with which they hear of the distant ravages of the elements: they will, perhaps, consider them as alike accidental, and equally inevitable. The only suffering which they can distinctly feel, the only ruin whose cause they can clearly appreciate, is that which occurs in their own immediate vicinage.

Such are the views of the Bank of the United States, and of its operations on the local Banks, which we have felt ourselves compelled, however reluctantly, to present to your notice. If, even under its present administration, they have been forced on our attention, what might we not expect, if the talents and integrity which now guide it, should at any time be exchanged for an unsteady and tyrannical administration; for principles partial, local or corrupt?

For the establishment of specie currency in the United States, the Bank of the State of South-Carolina has probably made, in proportion to its capital, as great exertions as any Bank in the Union; and this without any conviction on the part of its Directors of the expediency or practicability of the measure. We have never availed ourselves of any privileges as a national institution, nor have we been disposed to shelter ourselves under the protection which public favor might have offered to us. We have adopted, as far as lay in our power, every precaution which, even to private Banks, prudence appeared to dictate. We have embraced every opportunity to procure specie, either by purchase, when it was abundant in the market, or by offering occasionally to depositors some of those advantages which a Bank, without loss, can frequently bestow. But if every hundred we collected had been thousands, we believe at the present moment, it would be equally unavailing.

We have already remarked how arduous was the effort to maintain specie payments, when the sums drawn from the Banks, were immediately exported. One fact connected with our business may serve to illustrate our observation. In the first six months of the last year, (1818,) it is probable that upwards of \$800,000 in specie, were thrown into general circulation in the City of Charleston. This Bank, at that time the smallest in point of capital, of six, who were all doing business freely, paid out \$140,000. It is probable that by the 1st of November in that year, not 50,000 dollars of



the whole sum, remained in the State; we are confident that not \$10,000 could have been found in Charleston. It was a tribute thrown into a stream which had no reflux, into a current whose course has been as unvarying as the flight of time.

For some time past we have been steadily engaged in withdrawing our paper from circulation, and this must be our employment for some time to come. All our means must be directed to this object. It will be seen by the statements which accompany this report, that before the half of the debts due to the institution is paid, every dollar of our paper will or may be withdrawn from circulation. The credit of the institution will be preserved, however its profits may be reduced.

We must again apologize for the length to which these disquisitions have been protracted. We felt it our duty to state as distinctly as we are able, the prominent causes of our present embarrassments. We have done this the more freely, because we have no interest separate from that of the community, in the decisions of the country on its pecuniary arrangements. We have no participation in the profits of this institution; no personal motives for extending improperly or unwisely its operations. We can have no wish but to render it beneficial to the country, and profitable to the State; no anxiety but to be found faithful guardians of the trust committed to our care.

Signed by order of the Board:

STEPHEN ELLIOTT, *President.*

CHARLESTON, 1st Nov., 1819.

(1820.)

*To the President and Members of the Senate of the State of South Carolina:*

The President and Directors of the Bank of the State of South Carolina, respectfully report:

That on the 13th of October, they passed to the credit of the Treasury of the State, one hundred thousand two hundred and eighty-seven dollars and thirty-seven cents, being the nett profit of the Bank, from 1st October, 1819, to 30th September, 1820.

In making this return, they think it may not be uninteresting to state, that when the great commercial embarrassments which have occurred within the last three years, the great fluctuation in the value of property of every description, and the consequent and almost unexampled changes in the circumstances of individuals, are duly considered; they have reason to be gratified at the good fortune which shielding them from any serious or severe losses, has hitherto attended their operations. They deem it not improper to add, that in order to meet the arrangements and views of the Legislature, and to prevent any interruption to the important, and as they hope most valuable improvements which have been advancing in almost every quarter of the State, they have been obliged to turn their attention and resources through the past year, almost entirely to the public exigencies, and to make great advances for the public service.

This, however, has been attended with no other inconvenience than that of preventing them from withdrawing their paper as rapidly from circulation, as the circumstances of the times appear to require. To this point,

however, their efforts are still steadily directed, and they trust that it will yet be accomplished without producing, or having produced, to individuals or the public any disadvantages.

STEPHEN ELLIOTT, *President.*

(1821)

*To the Honorable the Speaker and Members of the House of Representatives of the State of South-Carolina :*

In pursuance of the Resolution of the Legislature, passed during its last session, in which "the President of the Bank of the State is requested to state to this Legislature, at its next session, his opinion of the expediency of increasing the capital of the said Bank, and letting in private stockholders for a proportion thereof," the following observations are respectfully submitted :

The Resolution of the Legislature embraces two distinct subjects. 1st. The expediency of increasing the capital of the Bank of the State of South Carolina ; and 2dly, the expediency of admitting private stockholders to become interested in the Institution. To each of these propositions a separate consideration shall be given.

On a former occasion, some observations were submitted to the Legislature, on the importance and value of banking institutions, exhibiting the conveniences and facilities which they afford to commerce, and to the general interchange of property, and pointing out the influence which, when well directed, they exert, not only on local sections of a country, but on its national prosperity. No reflections which have since been made on this subject—no facts which have since occurred, have tended to shake the opinions then expressed ; and the importance of preserving, if not of extending, the capital now employed in banking within the State of South-Carolina, becomes entitled, at this moment, to peculiar attention. The charters of two of our private Banks are about to expire, and nearly two millions of capital may be withdrawn from circulation. Even if it should be supposed that enough would remain in Charleston, for the business of that City, which would be very doubtful, many places within the State, and the State itself, would probably derive great advantages from the employment and proper location of a banking capital larger than that which we at present actually possess. It is unnecessary to point out these locations. The two branches we have established are insufficiently supplied with capital, and it is scarcely possible to converse with intelligent men from various parts of our country, without perceiving the points which only require capital to become the centre of an active and permanent commerce. There can, therefore, I think, be no doubt that an increase of capital to the Bank, and even an increase of the capital now employed in banking, will be beneficial to the State.

The banking capital in the State may be continued or enlarged, either by re-incorporating the old Banks, or by creating new Banks, or by enlarging the capital of the Bank of the State of South-Carolina. The Resolution of the Legislature confines my attention to the last of these arrangements—to the expediency of enlarging the capital of the Bank of the State of South-Carolina.

It is perhaps of more importance than is generally imagined, that the small Banks distributed over the State should be connected together by one common bond—should, if possible, be branches of one great institution, located at the commercial capital of the State.

This would not only give union and harmony to their operations, and would increase the power of resisting the pressures and fluctuations of commerce, but would prevent those evils which have been felt in some parts of the United States, by the multiplication of small independent Banks. It would prevent the great efforts which, in order to render business profitable, have sometimes been made to force paper into circulation, without possessing adequate means to support its credit; and it would avert those contentions and competitions which generally originate from the unaccommodating temper of a few individuals, and which, without benefit to any institution, are injurious to the whole, and to the public at large. The Bank of the State has not at present capital sufficient to establish new branches: it cannot supply the branches at Columbia and Georgetown with as much capital as could be advantageously employed. It remains for the Legislature to determine whether it will establish other Banks or enlarge the capital of their own.

The capital of the Bank of the State can be increased, either from individual wealth, by admitting private stockholders to subscribe to the Bank, to such an extent and in such a manner as may be deemed expedient; or from the funds of the State, by restoring the original provisions of the charter, and adding such sums as may from time to time be diverted to this channel.

In favor of admitting private stockholders into the Bank, it is urged:

1st. That the Bank will be more prudently and safely managed, by those who have a personal interest in its prosperity:

2d. That the public will have more confidence in its operations, and that individuals will yield it more aid and support.

3d. That the capital can be increased by this means, to any extent, and at any moment, when the public may deem it expedient.

To the first of these considerations, more weight has, I think, been given, than it really merits. It seems, on the first view, so deeply and justly founded on the constitution of man, that we are accustomed to overlook the many circumstances which may render this opinion fallacious. If it were always the case, that in private Banks those who were called to the management, had their whole property invested in them, the assumption would be more strong. They would then be liable only to the errors which accompany all human actions, added to the risk of those desperate speculations which often take place when the individuals who govern an institution combine to raise or depress the price of their stock in the market, according as they may be disposed to sell or to purchase. But in general, the active Directors in private Banks are individuals extensively engaged in other pursuits, and who sometimes regard the institutions with which they are connected, only as instruments to facilitate the attainment of more important objects. It would be easy to point out cases in which it may become the interest of a director, even if a large stockholder, to jeopard or sacrifice the welfare of the Bank, to his private speculations. The diminution or even loss of a dividend on the stock he may hold may be a trifle, when compared to the great stake at issue on some other game. The risk he may run as a stockholder in the future insolvency of parties doing busi-



ness with the Bank, may be a trifle, compared with the hazard as an endorser. It would be easy, if necessary, to show that a Bank may be made to bend to the views of those engaged in buying or in selling in the stock, or in the markets; but I wish to excite no prejudice whatever; I wish merely to show that this argument has not the weight which has been ascribed to it; to express an opinion that private Banks may be mismanaged, even by their own stockholders, and that it may sometime become the interest of a stockholder, even of one holding stock to a large amount, to mismanage them. We must, then, let the chance of management rest on its proper basis—on the integrity of the persons selected for this purpose.

The second of these arguments admits of little controversy; unfortunately, however, it is of more importance to those who govern these institutions, than to those who own them, or to the public generally. The proprietors at large would commonly be contented with the operations with which the directors who were themselves great stockholders, appeared to be satisfied, and the officers could not become the object, perhaps the victims, of perpetual suspicion. Whenever losses should occur, from which no institution can be exempt, the circumstances of each case would be intimately known to those who were principally concerned, and causes improper or untrue, could never, through ignorance, be imputed to the agents in each transaction. But as I have already remarked, these are advantages of far more importance to the rulers of these institutions, than to any other persons: And although it is generally supposed, and perhaps truly, that a private Bank would obtain more support from individuals, even from those not connected with it, than a public Bank, it may yet be remarked, that on this point, no one can speak with certainty, who has not had an opportunity of examining the Books of many Banks, and of becoming acquainted with the situation and circumstances of the individuals connected with them.

That the capital of the Bank can be increased by the junction of private stockholders, to any extent which may be deemed beneficial, is certain. Notwithstanding the prejudices which have existed, or may have been excited against this institution, no difficulty whatever will exist in finding individuals willing to share in its fortunes. The Legislature has only to declare its will on this subject, and it will speedily be accomplished.

If the Legislature should deem it expedient to admit private-holders, I think it would be advisable that the State should reserve the right of increasing, at pleasure, its interest in the institution. The same cause which led to its first formation—large surpluses remaining unemployed in the Treasury, may occur again; and it will surely be beneficial, that a mode should always exist, of employing these sums profitably. No evil could result to the State, from the increase of its proportion of the capital of the Bank, as it would always be able to sell its stock, if its fund should be wanted in money: No disadvantage, that we perceive, could arise to the private stockholders, as no increase of capital from this source would probably accrue more rapidly than the increasing population and wealth of the State would naturally require. It may be proper also, to add, that if this union should take place, the appointment of the officers of the Institution should be left exclusively to the Board of Directors: harmony and mutual confidence between the officers and Directors would be essential to its proper and prosperous management. If we view, on the other hand, the inducements which may persuade the Legislature to preserve the Bank in

its present form, as exclusively the property of the State, they will appear to be not inconsiderable. For if we are permitted to suppose that as a public fund it can be managed safely, and we believe that checks, if, or when necessary, can be multiplied around it in such a manner as almost to ensure that safety, it is certain that a Bank so constructed, affords a smaller scope for those disastrous speculations which Banks have been accused of encouraging, than one in any other form. No Directors can throw their weight, as great stockholders, in favor of any project or individual. Each member in the Board stands on an equal and independent footing, and as no Director is stockholder, none of those projects can exist which are calculated and designed only to act on the price of stock in the market.

And if a small capital can, as is generally supposed, be managed better, and rendered more productive than a large one, it would be unwise in the State to injure the productiveness of its own funds, by adding to them suddenly a large amount of foreign capital. If its funds should increase gradually, by means within its reach and power, the interest yielded on its investments may diminish, but the State will have some compensation in the magnitude of its own capital, for the comparative decrease of its dividends.

And it should also be remembered, that in their present position, the funds of the State can be readily commanded, and exclusively directed to national purposes. In times of peace, this may be of little importance, but during moments of embarrassment and danger, the value of such a resource, particularly in a country where monied capitals are not abundant, it is not easy to estimate. During the late war, this Bank, at the very commencement of its operations, advanced, for three years, the direct tax imposed on this State by the General Government, and saved to the citizens, annually, the premium of fifteen per cent. allowed to those States which should pay promptly into the general treasury, the amount of the tax. And when it was proposed to raise a Brigade of State Troops, the Bank offered to advance \$500,000 a year, for three years, for their support. Peace rendered this measure unnecessary; but it would be easy now to prove that this offer was not an idle pledge, but that under the circumstances of the case, the measure, had it been carried into effect, might have been rendered as profitable to the Bank, as it would have been beneficial to the State, and to the United States. During war, not only all the money which such a Bank might be able to collect, but all which it might be prudent or possible to issue, could be directed to public purposes. From a private Bank, this could not be expected—it certainly never would be obtained. The claims and the wants of the stockholders would necessarily require attention. Their private engagements would demand their first consideration, and to those who can command money, the chances, during war, of profitable speculation, become so alluring, that all who have influence or interest, press on the private institutions with irresistible weight.

It has become so much the practice, in modern ages, for governments to be borrowers, on every emergency, that no one appears now to inquire whether the accumulation of funds, against periods of adversity, merits national consideration. This, it is true, is but an idle question to those governments which are already so much involved, that in order to pay the interest of their debts, they are obliged to resort to every exertion, and to every mode of taxation; but to those which are more fortunately situated, this system offers some advantages, and may claim from them some atten-

tion. The possession of funds, at moments which usually create embarrassment, might prevent the necessity of submitting to disadvantageous loans: might avert the failure of many an enterprize that proves unsuccessful, from the employment of insufficient means; and might relieve a government from the severe, and often unpopular duty of imposing heavy taxes, at periods when the most light are not easily collected. In times of peace, the revenue obtained from this source might be employed in a thousand modes, to improve, to embellish; and to render more productive, the resources of the country.

If the Legislature should deem it expedient to increase the capital of the Bank, from its own funds, four sources from which this increase may be derived, without adding to the taxes, or to the debts of the State, present themselves to view. Two of these are contingent; two certain, and capable of immediate application to this object.

1st. The premium which may be given to the State for the re-incorporation of old, or the incorporation of new Banks. This premium is a fair equivalent for the exemption from taxation, which is granted in each charter, and one to which the State has a just and indisputable claim. Though an inconsiderable sum, it would yet add something to the permanent funds of the State. This, however, is but a contingent source of revenue, depending upon the future decisions of the Legislature.

2d. The second source of revenue, which is also contingent, requires more consideration than can be given to it in this Report. It is the fund which may arise from the claim which the old States appear disposed to urge, on the public land, to equalize the advantages which, by the reservation of the sixteenth part of their whole territory, and for the purposes of public instruction, has been given to the new States. The subject will probably be brought before the Legislature, from its proper sources, during the present session. While all are ready to admire and applaud the wisdom and liberality of the government of the United States, in making this provision for the rapid improvement of the new States, it appears difficult to controvert either the justice or the policy of the claim which the old States may advance. To the Legislature of Maryland, the other States are indebted for the manner in which this subject has been exhibited to public view.

If this fund should be obtained, there appears to me no mode in which it can be invested, superior to that of making it a part of the permanent capital of this Bank. It is granted for a perpetual object; it ought not therefore to be employed for temporary purposes. It ought to be rendered productive, that the purposes of the appropriation may be steadily and permanently accomplished, without impairing its original amount. It might, in this manner, relieve the treasury from a great portion, if not the whole of that sum which is annually and liberally granted for the support of Free Schools, and of the College; and if, as it may be realized, this fund should be set apart and added to the capital of the Bank, the income arising from it may be solemnly pledged and appropriated to its legitimate uses.

3d. The third source from whence the funds of the State may be increased, may be derived from the claims which this State has on the United States, for services performed during the late war. These claims are already, in a great measure, adjusted, and paid; and there can be no doubt that, together with the lands in Charleston, on which the lines are built, they will realise at least \$200,000. This sum can, at the pleasure of the

Legislature, be added to the capital of the Bank, or may be employed on its internal improvements.

4th. The fourth source of increased capital, may require more consideration; when the Legislature issued, last winter, stock to the amount of \$800,000, it made no regular provision for its final redemption. A resolution of the Legislature authorized and required the President and Directors of the Bank to purchase annually of this stock, to the amount of \$50,000, provided it could be obtained at or under its nominal value. These instructions will probably prove nugatory. During peace, stock well secured, and bearing an interest of six per cent. will generally command a price above par; and if the Legislature should order, unconditionally, that stock to the value of \$50,000, should annually be purchased, this determination might expose the State to much imposition. The dealers in stock are a peculiarly quick-sighted race, and if the order is peremptory, it must be obeyed, even if stock should be artificially raised to double its nominal value; and when the stock should be held by a few individuals or monied institutions, the price could be fixed by concert, and at pleasure. It appears to me far more correct, to order that, in the first place, the interest of the stock should be paid annually, out of the net profits of the Bank; that, in the next place, the residue of those profits should be added to the capital of the Bank; that this fund should be pledged for the final redemption of the debt, and that the Directors should be authorized to employ it for this purpose, whenever the stock of the State can be redeemed, or purchased at par. There can be no doubt that if the debt of the State be not greatly increased, this fund, thus invested, will, before the expiration of twenty years, be amply sufficient for its total extinguishment; and in the mean time, the State will derive the double advantage of having this fund actively employed, and of increasing gradually the banking capital of the State.

The original provision of the charter, intended to secure the gradual increase of the capital of this Bank, by adding to it annually the surplus remaining in the Treasury, was repealed two years ago, to prevent it from reaching and affecting the funds provided for internal improvement. But it would have been easy, without this measure, to have guarded against such contingencies. Sums raised, either by taxes or by loans, for specific purposes, might have been kept separate in the Treasury, as a distinct fund, and have been applied to their specific objects. If the capital of the Bank could have been permitted insensibly to increase to the amount of three, four, or five millions of dollars, it is easy to perceive how valuable a fund the State would have held in its possession. A fund sufficient, either to supercede altogether the necessity of taxation, or to allow annually, without any inconvenience, large appropriations for every object to which wisdom, liberality, and patriotism, could direct the attention of our country.

STEPHEN ELLIOTT, *President*  
of the Bank of the State of South-Carolina.

26th November, 1821.

Ca.

## Statement of the Bank of the State of South Carolina, for February, 1821..

Dr.

1821: February 12.		1821: February 12.	
1. To Capital.....	\$1,196,220 65	By Bills and Notes discounted.....	\$824,876 01
2. To Discount received.....	\$18,952 06	" Bills and Notes in suit.....	104,405 19
3. To Interest received on Stock and Notes.....	3,570 79	" Bonds on Loan, in Mortgages.....	\$929,281 20
		" Columbia Branch Bank.....	30,755 00
4. To Bank Notes issued.....	\$1,283,000 00	" Georgetown Branch Bank.....	
5. To do. under One Dollar.....	28,062 50	" 914 Shares in State Bank.....	1,517,535 22
6. To State Treasury.....	147,262 63	" Real Estate.....	91,400 00
7. To State Treasury, for 6 per cent. Loan.....	368,335 75	" 3 per cent. State Stock.....	28,273 47
8. To Individual Deposits.....	316,988 95	" 6 per cent. do do.....	22,233 47
		" 6 per cent. City Stock.....	876 83
		" Contingent Expenses account.....	1,010 67
		" Office of Discount and Deposit.....	6,847 18
		CASH:	197,000 00
		" Specie.....	\$329,422 29
		" Notes of this Bank.....	103,458 00
		" Do. Planters' & Mechanics' Bk. 50,000 00	
		" Do. State Bank.....	23,000 00
		" Do. Office of Disc't. & Depo't. 21,300 00	
		" Do. Union Bank.....	7,000 00
		" Do. Bank of South-Carolina.....	3,000 00
			537,180 29

\$3,362,393 33  
(Signed)

\$3,362,393 33  
STEPHEN ELLIOTT, *President*.  
A. HENRY, *Cashier*.



(1822.)

*To the Speaker and Members of the House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South-Carolina, respectfully report :

That on the ——— of November they carried to the credit of the Sinking Fund, for the redemption of the 6 per cent. stock of the State, the sum of \$120,072 18—being the nett proceeds of the Bank for the year ending on the 1st of October, 1822, after deducting the losses which had occurred during the year.

Out of this fund, which will be annually increased by the profits of the Bank, will be paid, in pursuance of the "Act to provide a Sinking Fund for the redemption of the 6 per cent. Stock of the State," the interest which will hereafter become due on the debt of the State, and provision be made for the redemption of the principal, whenever it becomes due, or can be purchased at its nominal value.

In compliance with the Act of the Legislature, of the 16th of December, 1818, and the wish of the inhabitants of the large district of country, arrangements have been made during the present year, to establish a Branch of this Bank at Camden ; and although the commencement of business at that place has been retarded by accidental occurrences, we hope that it will now soon be in operation.

S. ELLIOTT, *President.*

(1823.)

*To the Speaker and Members of the House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South Carolina, respectfully report :

That on the 14th of October, 1823, they transferred to the credit of the Sinking Fund of the State of South Carolina, the sum of one hundred and thirteen thousand two hundred and seven dollars and sixty-one cents—being the nett profits of the Bank, from the 1st of October, 1822, to the 1st of October, 1823.

In reviewing the operations of the Bank, the President and Directors deem it proper to remark, that in the progress of their business they have been obliged to feel, with great regret, their inability to supply the Branches which they have established at the suggestion of the Legislature, with funds, as rapidly and as extensively as the increasing wealth and prosperity of our country appear to require them. No doubt exists in their minds, from the evidence which their own books afford, and from the opinions of almost every individual acquainted with the business of the country, that the capital now employed at Columbia, and at Camden, and perhaps even that employed in Charleston, and in Georgetown, could at least be doubled, with advantage to the institution over which they preside, and to the business of those places, and of the surrounding country. And at Cheraw, to which their attention has been directed by the wishes of the inhabitants, and by the Acts of the Legislature itself, and where the foundations of an extensive commerce have already been laid, they have not been able to

establish a Branch, because they could not have afforded it a capital more than sufficient to defray its necessary expenses. No one who views the rise and increase of the towns in the interior of our country, can hesitate to acknowledge their importance; no one can be unmindful of the intercourse which they create between different sections of the State; of the value which they communicate to many objects which would otherwise be useless; of the extension which they afford to commercial enterprise; and of the impulse and value which they give, both directly and indirectly, to agricultural exertions. It is wise in a country to foster their growth by every moderate and rational aid, and will be highly important to connect them all intimately with the commercial capital of the State. Whether this institution, by such an increase of its capital, as will enable it to meet the increasing demands of the country, shall become that connecting chain, it will remain for the wisdom of the Legislature to determine.

One opinion the President and Directors of this Bank do not hesitate to express. The commercial towns in the interior of our State, will derive many advantages from the extension of their monied capitals, and from the facilities which the operations of a Bank afford to every pecuniary transaction. If the Legislature should deem it inexpedient to increase the capital of the Bank of the State, it would become almost a duty, to permit the inhabitants of those towns to employ their own capital in banking operations, for their common benefit. We should regret that this institution, which was intended to promote, should in any manner be employed to retard the improvement of our country; and however important and profitable it might be to our operations, to have exclusively the business of a great portion of the State, we should consider it a misfortune, if to that profit more important interests should be sacrificed, or even endangered.

One other subject, the President and Directors beg leave to submit to the consideration of the Legislature: A great anxiety must necessarily be felt throughout the country, respecting the operations and condition of this institution. Perhaps no statements or reports from the Board itself, however fully or carefully drawn up, can at all times give entire satisfaction. The Legislature has once appointed a Joint Committee to examine the books and business of the Bank, and no inconvenience resulted from this measure. To the Directors of the institution it was a subject of much gratification. They, therefore, take the liberty of suggesting to the Legislature, the propriety and policy of making this an established custom, and of appointing at each session, a Joint Committee of both branches of the Legislature, to inspect the books, and examine the operations of the Bank. It is unnecessary to mention how efficacious such a measure might prove, in detecting at an early period, or perhaps even of preventing an aberration in the management of its affairs; or, on the other hand, the great importance of preserving the character of the institution; and while its funds are prudently and carefully administered, of securing to it that public confidence, from which it has hitherto derived its most essential advantage.

Signed by order of the Board:

STEPHEN ELLIOTT, *President.*

CHARLESTON, 21st November 1823.

(1826.\*)

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South-Carolina, respectfully report :

That the profits of the Bank, for the year closing on the 1st of October, 1826, amounts to one-hundred and fifteen thousand one hundred and eighty-four dollars and seventy-two cents : That out of this sum, they deposited, on the 31st of October, to the credit of the Sinking Fund, seventy thousand five hundred dollars ; a sum sufficient to meet, for the ensuing year, the interest on the debt of the State. The balance has been applied to replace, in part, those debts which were reported to the Legislature at its last session, by the Committee appointed to investigate the transactions of the Bank, as bad or doubtful, and which had principally accrued from the commercial vicissitudes of the past year. And although the business of the Bank must necessarily be diminished, in the ensuing year, because no private Bank in the Southern States can now keep in circulation the paper which it has been accustomed to issue, we still hope that at the close of another year, we shall be able to clear off these losses entirely, without ceasing in the meanwhile, to pay for the State the interest on a debt larger than the real capital of the Bank.

With this report is transmitted a statement of the Sinking Fund, up to the 1st of October of the present year.

All which is respectfully submitted :

STEPHEN ELLIOTT, *President.*

(1827.)

No. I.

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South Carolina, respectfully report :

That the profits of the Bank for the last fiscal year amounted to the sum of \$122,693 81 cents. That of this sum, \$75,000 were carried to the Sinking Fund, to meet the interest due on the public debt of the State ; and the balance has been applied according to the intimation in our last annual report, to clear from our books all of the bad and doubtful debts, which had been accumulating for some years.

This has been nearly, if not entirely, accomplished ; and we have the satisfaction to add, that in two years, pursuing the recommendation of the last Committee of the Legislature, this object has been effected, and the Bank in the mean time has continued to pay for the State the interest on a debt larger than its own capital. By this means, it has prevented the stock which has been created to carry on the system of internal improvement from becoming burthensome to the public.

\*The Reports of 1824 and 1825 have not been found ; nor those of 1828 and 1829. If obtained before the completion of the work, they will be printed in an Appendix.

The statement of the Sinking Fund, and the other statements necessary to exhibit an entire view of the state and condition of the Bank, have been placed in the hands of the Committee of the Legislature appointed to examine the transactions of this Institution, by whom they will be duly presented to your honorable body.

All which is respectfully submitted.

STEPHEN ELLIOTT, *President.*

CHARLESTON, 16th November, 1827.

## No. II.

*To the Honorable the Speaker and Members of the House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South Carolina, respectfully report :

That in pursuance of the provisions of the Act passed on the 20th day of December last, "to admit and incorporate private stockholders in the Bank of the State of South Carolina," books were opened on the 1st day of February last, at Charleston, Georgetown, Cheraw, Camden, Columbia, Hamburg and Beaufort, for the purpose of receiving subscriptions from the individuals who were disposed to connect themselves with this institution, and become proprietors of new stock created by the said Act; and as many doubts had been expressed, both in public and private, as to the nature of the principles and the operation of the conditions under which individuals would enter into co-partnership, and whether, by the terms offered in the Act, the union would be fair and beneficial to the private stockholders; the following letter from the President and Directors of the Bank, upon the points which presented most difficulty, was addressed to the Commissioners nominated by the Legislature to open books at these several places; with a request that it might be communicated to every person wishing to understand the position in which stockholders would be placed.

CHARLESTON, 25th January, 1827.

*Gentlemen :—*As persons who wish to subscribe to the Stock proposed to be annexed to the Bank of the State of South-Carolina, may wish for some information, particularly as to the mode in which it is contemplated to form an union of the two interests, and a fair valuation of the capital belonging to the State, we have thought it might not be improper to present you with the following observations :

The only difficulties we can foresee in our new arrangements will be the adjustment of the *Stock* of the State, with the private stockholders—on this point our present view is to make, on the part of the State, two propositions, one of which we think the private Stockholders will readily accede to. The first is; that the Stockholders shall receive the business of the Bank as it now stands, with its capital estimated at \$1,200,000, and its debts and credits, good, bad and indifferent; increasing its future business by the increase of capital subscribed, and making no other alteration, even in its Books, than by dividing its profits among a greater number of proprietors.

The disadvantages to the private Stockholders of this proposition, are, that they will be obliged to bear a portion of the losses on the debts already created. The advantages are, first, that they will be saved the expenses of

an outfit, which rarely costs Banks less (including Bank bills, vaults, and a variety of minor items) than from 40 to 70,000 dollars, and banking-house, ad libitum; these are all provided, as far as our present business and branches extend. 2ndly, that the arrearages of interest or notes under protest and in suit, which cannot at present be less than \$35,000 on good notes, will pass over to the joint concern—and 3dly, That the profit arising from the wear and tear of our bills, which considering the great number and amount of small bills that we have had in circulation, cannot be less than from \$70,000 to \$100,000, will also become a common benefit. These three sources of profit, will we hope, treble our bad debts; (for it must be remembered, that in October last, we cleared off \$44,000,) and this proposition is the one which, were we stockholders, we should accept, for it must also be remembered that this Bank has now between \$2,700,000 and \$2,800,000, actually invested, which are bearing an interest, and would be producing an income to the company, from the moment of union.

If the subscribers, however, should be so cautious as to be unwilling to encounter any risk, whatever may be the prospect of ultimate advantage, we shall propose: 2dly, That they shall receive from all such paper (discounted notes) as shall be unquestionably good, (for as money to be profitable must be invested, it will be an advantage to have a large sum at once well employed,) the amount of which shall be carried to the credit of the State; and shall lay aside the bad and doubtful debts to be collected on account of the State, and carried over to its credit as they shall be collected. If this course should be preferred by the private stockholders, it will then be but fair, as all the risk of these debts will be thrown on the State, that the stockholders should be charged with a proportion of the outfit, and that the arrears of interest, and the profits from the wear and tear of our bills, as far as they have already accrued, shall be reserved to the State—this arrangement will give some trouble, and cause a few more books to be opened than we now keep, but it can be carried into effect without any difficulty.

We are, &c.

On opening the books, however, as directed by the Act, only 765 shares were subscribed, amounting to \$76,500. This was so far short of the sum of one million of dollars, which was required by the Act, to give validity to the measure, as to render it doubtful, whether that amount, under existing circumstances, would be subscribed, and the attempt to obtain subscriptions was not renewed.

It may not be improper in us to bring to the view of the Legislature the causes, as far as they come to our knowledge, which rendered this experiment unsuccessful, and the objections that were made to the provisions of the Act, as it was finally adopted.

It is probable that the subject was not distinctly understood, and there was undoubtedly much personal influence exerted by some who were partners in other Banks, to prevent the final ratification of the charter offered in this Act by the State to individuals. But there were also some arrangements in the Act itself, to which distinct and strong objections were made. 1st. In the first place, that portion of the 7th section, which empowers the Legislature to establish branches "wherever, in their wisdom, they may deem proper," was a source of much dissatisfaction; it was supposed that this power might, most advantageously, be left to the discretion

of the government of the Bank, as the Directors, with a full view of the condition of the Bank, would, perhaps, be the best judges of the time, place and circumstances, which would render the establishment of a new branch advantageous, both to the institution and to the country. It was apprehended that the Legislature might be easily induced, by partial representations, made, perhaps, by persons who would only regard their own convenience, without considering the interest, either of the State or of the stockholders, to locate branches in situations in which they could not be profitable; and it was even feared, that under this reserved power, the Legislature, if at any time it should become unfriendly to the institution, might destroy it altogether, by ordering branches to be established at every Court House within the State—or in so many places as totally to absorb all the profits of the institution.

2dly. An objection was also made to the third clause of the 1st section, by which the State shall, at any time hereafter when it may think proper, have the power of increasing its share of the capital to two millions of dollars.

In the original draft of this bill which was presented to the Legislature last session, while this power was given to the State, the private stockholders had also the privilege of increasing the private stock to three millions of dollars. This latter provision was stricken out, and this circumstance appeared to excite a suspicion that the Legislature might, as soon as a large amount of private funds should be invested in the Bank, increase their own stock, and thus, by the arrangements of the charter, as to the appointment of directors, secure the entire control of the institution.

However unfounded this suspicion may have been, or may be, it will, perhaps, if the State should deem it expedient to renew the offer to individuals, be advisable to remove it, by giving again to the private stockholders, the right of increasing their stock to three millions of dollars, if the State should extend its capital to two. Two-fifths of the directors will secure to the State as much influence as it ought, perhaps, to possess or exercise, in an institution in which so much private capital shall be invested.

3d. Another objection was made to the right reserved to the State, of withdrawing, after the 1st day of December, 1840, all or any portion of the capital stock owned by the State.

Upon this point no great stress was placed—all, perhaps, which it might be necessary for the State, to stipulate, would be, that if it should at any time after that period, either in part or entirely, withdraw from the institution, it shall only be by a sale of their stock, so that no diminution of the active funds of the Bank shall be made by such separation of interest.

4th. Another cause which operated with great power in preventing subscriptions to the Bank, was that clause, which restrained the Legislature from renewing the charter of any private Bank, during the term allotted for the duration of this charter. This rendered every person who was deeply interested in the existing Banks, unfriendly to the Bank of the State in its proposed form, and anxious to prevent subscriptions; for if the sum of one million of dollars had been subscribed, the Act would have become absolute, and the contract between the State and the individual stockholders, been on this point conclusive and irrevocable.

It may, perhaps, deserve to be noticed, as a proof of the high character and feeling of our community, that while this provision of the new charter

secured such advantages to those who, availing themselves of the offer of the Legislature, should come forward, and, by subscribing, secure these almost unexampled privileges, the impression that these benefits were to be obtained by an act operating against the interests of other individuals and other institutions, induced so many to decline subscribing.

Of the expediency or in expediency, as an abstract question, of renewing the charters of the private Banks, when they shall severally expire, it does not become us to express an opinion; we would merely suggest that whatever may be the opinion of the Legislature at the present moment, it may be prudent to leave this subject open for consideration, until the question, by the expiration of the charters now in existence, shall necessarily arise.

But while these different causes acted with more or less efficacy in preventing subscriptions, the provision which actually defeated the measure was the proviso in the 7th clause of the 1st section of the act, by which it was ordained, that this act shall not go into operation, unless stock to the amount of one million of dollars shall be subscribed.

By this restriction, a means of defeating the measure was given, and some who were prepared to subscribe largely, held back, with a wish and expectation, that, by so doing, the act would necessarily be referred back to the Legislature for consideration.

Perhaps this may be a fortunate result: but if the Legislature should, after re-considering this question, determine again to propose an union with private stockholders, whatever, in their wisdom, they may think proper to decide on the other questions submitted to their revisal, we think this provision ought to be omitted. There appears to us no good cause for its insertion. If the act had been intended to establish an entirely new Bank, the failure of some small institutions which had been erected in this State, might have made the Legislature hesitate to grant a charter to another with an insufficient capital. But, in the present case, where a Bank actually existed, with an efficient capital of \$1,200,000, a gradual increase would, perhaps, have been more prudent and advantageous than a sudden accumulation of its active funds. Two or three hundred thousand dollars, annually, might have been as much as could have been advantageously employed. If there had been no limitation, a large sum would have been certainly subscribed—many who were under all circumstances prepared to subscribe, withheld their subscriptions under the persuasion that the sum of one million of dollars would not be obtained, and an apprehension that the instalments actually paid on subscribing, might be retained in the Bank until the meeting of the Legislature. It may be proper to add, that, as soon as this Board received the return of the sums actually subscribed, and determined not to re-open the books until the charter should be again submitted to the Legislature, the instalments actually paid in were returned to the subscribers. All of the difficulties respecting the apportionment of the capital, and the responsibility and risk of outstanding debts, we considered as removed by the offers made in the circular letter contained in this report.—No one, to our knowledge, has examined that letter without acknowledging the fairness and equitable principles of the offer on the part of the State.

If the Legislature, after reviewing this subject, shall deem it expedient again to offer to individuals the privilege of becoming parties in this institution, we think policy would dictate the propriety of making the terms of

union so fair, and even liberal, as to secure the cordial co-operation and efficient support of the private Stockholders.

By order of the Board :

STEPHEN ELLIOTT, *President*.

CHARLESTON, 16th November, 1827.

(1830.)

BANK OF THE STATE OF SOUTH CAROLINA, CHARLESTON, NOVEMBER, 1830.

*To the Honorable the Speaker and Members of the House of Representatives :*

GENTLEMEN :—The deeply lamented death of our learned and distinguished fellow-citizen, Dr. S. ELLIOTT, late presiding officer of this institution, called into exercise the privilege secured to the Board of Directors, under the provisions of the Act incorporating the Bank, of electing a President, to fill the vacancy until the next meeting of the Legislature.

Called by this event to direct the affairs of your Bank, I have, with unwavering adherence to that policy which I conceived the most salutary, sedulously devoted all my efforts to advance the interests and augment the credit of the institution. To what extent these efforts have been crowned with success, will, it is presumed, be the subject of inquiry through the customary organs of your Honorable House. For that investigation I am in attendance, and shall so remain until it be accomplished.

In the short period which has elapsed since these important duties devolved on me, it will not be expected that very material changes could have been effected in the general character and interests of the institution. In submitting, however, a statement of our proceedings for the past year, I have peculiar satisfaction in believing that you will perceive results entitled to the favorable consideration of your honorable body. The amount transferred to the Sinking Fund, for the eventual redemption of the five and six per cent. stock, will be found in the accompanying Exhibit.

This balance was placed to that fund, after deducting the whole amount of losses, actually incurred by the Branches, since they have been in operation ; a measure which for the first time, has received the attention and sanction of the Board of Directors.

In considering that document, it will appear that the amount of issues is not extended—that a continued and active circulation of its bills has been maintained—that the specie capital has increased. Our balance against the Branch Bank of the United States, in Charleston, sustained and enlarged—a considerable amount of bad debt relieved ; while an efficient and healthy action has been continued in every department of the institution, its general prospects brightening, and its capacities and means of usefulness further developed and established.

Whether you will adopt for it a course of operation which shall more generally diffuse the facilities and benefits of the institution to the State at large, by establishing other Branches, or by augmenting the means and enlarging the sphere of usefulness of the offices which have been already organized, are matters for legislative decision. The general augmentation



of the Sinking Fund, and a judicious use and appropriation of the means at the command of the Bank, will enable it, in the course of the current year, to extend its issues to an amount that would essentially subserve the interests of the towns of Hamburg and Cheraw, if, for the present, strictly confined to the commercial operations of those places. Adhering to the policy heretofore pursued by your honorable body, as well as to the suggestions of a wise caution, the effort should not, for the present, embrace more than one of those places. The capacity of either of those towns to sustain a Bank, may be judiciously tested by the preliminary measure of constituting a limited agency, guarantied by a corresponding responsibility and security. Through such a medium, the benefits desired could be more promptly extended, and the advantages of a permanent establishment fully developed.

It is my duty to represent to you, that the Town Council of Georgetown have, in their corporate capacity, imposed a tax on the real estate of this Bank. This measure was resisted by the Attorney General, unsuccessfully, and the decision of the Hon. Judge Bay, which accompanies this report, enabled that corporation to collect the tax. If the Legislature do not interpose to prevent the recurrence of this exercise of power, it will become the interest and duty of every other corporation to enforce it. Other and less important modifications of the laws establishing this Bank, with those having relation to the obligations of its debtors, and their endorsers, may in the course of the investigation appear necessary. Such circumstances as may have transpired, indicating the necessity of your remedial interference, will be detailed to your Committee.

In retiring from a station of great responsibility, tendered to me without solicitation on my part, and in discharging the duties of which, I found it incumbent on me to acquire all the information that patient investigation and minute inquiry could elicit, I feel competent, with the aid of documents in my possession, to submit a clear and comprehensive view of the operations of the Bank. I surrender to your honorable body this high trust, conscious of having discharged its duties with fidelity, and desirous only that the confidence inspired by a minute and satisfactory elucidation of the actual condition of the institution, in its several relations to the Legislature, and the community at large, may be accorded.

Respectfully submitted:

THOS. BENNETT.

Dr.	BANK OF THE STATE OF SOUTH CAROLINA.		Cr.
Capital.....	\$1,156,318 48	Bills and Notes discounted.....	\$2,538,068 14
Bank Notes issued.....	\$1,604,750 00	do. do. in suit.....	147,091 71
Do. do. under \$1.....	110,545 00		
State Treasurer, for 5 and 6 per cent. Sinking Fund.....	\$277,485 17	Bonds secured by Mortgages.....	\$2,685,159 85
Discount and Interest received, and transferred to Sinking Fund.....	112,182 04	1,014 shares in State Bank.....	124,342 52
State Treasury, Charleston.....	\$261,803 41	Office of Discount and Deposit.....	101,400 00
Due by State Treasury, at Columbia	148,049 70	Three per cent. State Stock.....	100,800 00
Individual Deposits.....		Bank Estate.....	11,379 55
		Real Estate.....	28,273 42
		Profit and Loss Account, for this amount lost by Cheraw Bank.....	18,306 39
		CASH: Specie.....	5,180 00
		Bank Notes of this Bank.....	
		City Bank Notes.....	
			699,431 35
			\$3,773,473 18

CHARLESTON, October 1st, 1830.

**A. HENRY, Cashier.**

(1831.)

*To the Honorable the House of Representatives :*

In presenting the Annual Account of the Bank, it affords me much satisfaction to be able to say, that the clear profit of the year has been equal to that of any preceding one, and but for the deductions for losses from bad debts, would have been more than the most sanguine could have expected.

I feel imperiously called upon to make a more full expose of the affairs of the Bank, than is usual. In doing this, it is not my intention to excite alarm, nor to cast blame on any who have been concerned in the management of the institution—much less would I have it supposed that I intend any reflection on the course of conduct pursued by the late highly-respected President, and founder of the institution. From what I have learned of the operations of the Bank, from the minutes of the Board, and other sources of information, it reflects great credit on his ability, that he was able to support it against the powerful opposition which was made to it in 1818 and 1819, during thirteen months of which time, he paid to the Branch Bank of the United States \$528,000, besides \$50,000 of paper.

I shall ask leave to call your attention to the different items of the Annual Account, in the order of their importance. The first is the capital; how this was constituted, you have been fully informed (as I perceive,) by two very elaborate reports made in 1821 and 1827. The first by your distinguished Chief Magistrate, and the second by the Hon. Thomas S. Grimké. I shall only speak of some of the particulars which constitute this item. You will perceive the sum of \$101,400 stated as the value of 1,014 shares of the State Bank. It is proper that you should know that this Stock has fallen below par. It could not now be sold for more than \$85 on the hundred, and I much doubt if that could be obtained, for the whole of it. I would therefore recommend that we be authorized to dispose of it at convenient seasons, to the best advantage. In estimating the true state of the Bank, the Bank estate, I should think, ought to be put down at its real value. The sum stated in the account, is that which it cost, but it would not now bring anything like that amount. It consists of a banking house in Charleston, and one in Camden. The item of real estate, consists of houses and lots received in payment, and the sums given for them is the amount stated. But in no instance would any particular piece of property command that amount; and as to two houses and lots in Camden, there has been a serious loss sustained in the destruction of the houses by fire.

I shall next call your attention to the item of discounted notes. From this amount is to be deducted about \$46,000, held as securities, or connected with securities, for notes subsequently discounted for the convenience of the representatives of estates. Besides which, about \$240,000 are in suit, and under protest, of which a large portion was reported by a committee of the Board (raised at my request, to ascertain the state of the Bank when I first went into office,) to be at least doubtful. Some of them, however, on a subsequent examination, I am satisfied, are perfectly good, though suspended for the present, either by the interposition of your Honorable Body, or by the difficulty of getting at the property of the debtors, or by the usual obstacle of the law's delay. And as to those which are in Bank operation, and considered perfectly good, there are in some

instances large amounts in the hands of a few individuals, depending on their mutual endorsements. On the amount of bonds secured by mortgage, there may be placed the utmost reliance. There is but one, and that of small amount, which is bad; and even of that, some part may be received; and it is worthy of remark, that it is the only instance (so far as I have been able to obtain information,) of a loss on the loans thus made.

On the debts of a Bank, depend its safety and solvency. It therefore requires a most circumspect and vigilant course of conduct, to secure their payment; and there is no method of doing this effectually, except that of calling for payments at stated periods; and it is here, that the principal difficulty in conducting the operations of the Bank lies. The extreme indulgence which has been granted; the large debts which have been contracted, and the great depreciation of property, render it extremely difficult to obtain payments, particularly at a moment when most required. And it is utterly impossible to conduct the operations of a Bank, in a proper and advantageous manner, without prompt and regular returns. The accommodations which have been afforded to the different sections of the country, through our branches, have been carried to the extreme of safety, and it has become indispensably necessary to put a limit to them. The mother Bank has to bear the whole burthen of redeeming our bills. Before I speak of the issues of the Bank, I would ask leave, briefly to state my course of operation since I have presided over the institution. I am induced to pursue this course, from the reliance which seems to be placed on the ability of the Bank to pay the public debt, as it falls due.

Before I left Columbia, I possessed myself of the views of the Committee of Ways and Means, and the report of the President pro tem. with his views, as far as they were laid before the committee; and I entered on the duties of my office, conceiving that a course had been suggested to me by the committee, who, I had no doubt, had taken a very full and correct view of the subject. I set about to impart to the Institution a more active operation, particularly in the mercantile business, and found no difficulty in increasing the usual discounts, endeavoring, as far as was practicable, to establish in all loans the true Bank principle of speedy payments, and using all my influence to obtain the aid of the branches. And I do not hesitate to say, that if the operations of the business season be examined, they will be found to have been unexceptionable as to safety, and unexampled, as to profit. But my surprise and disappointment cannot be described, at finding how difficult it was to call in payments, even on the operation paper which had been long in Bank. For before I went into office, I had always supposed that Bank debts must be paid, (by those who had property,) whenever demanded, or that at all events the instances to the contrary were very rare.

I found in a short time, from the operations of the Bank, and the calls made by the U. S. Bank, that the lowest amount of issues which had been proposed, exceeded the safe limit; and relying with great confidence on the ability and experience of my distinguished predecessor, (Mr. Elliott,) I deemed it advisable to proceed very slowly, and ultimately to stop far short of the sum proposed, (\$300,000, although at different periods we destroyed large amounts of mutilated money bills. I am aware, that there is a great difference of opinion on this, as well as on many other points connected with the subject of banking. But pursuing the course of the most prudent and judicious writers, as well as that pointed out by experi-

ence, and I may add, rendered indispensably necessary, by the existing state of things in this community, I think the issue should never exceed the amount of capital; and it is said by Mr. Gallatin, should not amount to that; and that he thinks a positive restriction on the issue of notes, so that they never should exceed two-thirds of the capital, would be highly beneficial; and I take it to be a conceded point, that the debts should never be permitted to exceed double the amount, and then should be always of such description as to be readily called in, to meet any unexpected emergency. And here I would beg leave, with the most profound respect and deference, and solely with a view to advance the interests of the institution, to suggest to your Honorable body, that I think it will be found most expedient to leave to those to whom you commit the management of the institution, the entire regulation of all its operations. One of the most obvious reasons for this suggestion, I am sure, will be sufficient; that it is utterly impossible to decide on the propriety of any course of conduct, without a full knowledge of all the operations of a Bank, and that even with this, as far as it can be imparted, a change of circumstances, suddenly occurring, often renders a change of operations necessary. I deem it inexpedient to be more explicit on this subject; but there are many additional reasons, as well as facts, which can be mentioned in support of the suggestion.

As to the issue of change bills, (those under the denomination of a dollar,) we had determined to dispense with the use of the two smaller denominations, (12½ and 6½ cents,) and to apply the new issue of twenty-five and fifty cent bills to the use of the country, entirely; there being a great abundance of silver change in town; and we think that when the present issue is exhausted, no more of them should be issued. There is an item of \$5,180 on the credit side of our account, which, I am informed, originated in the receipt of the bills of the Bank established at Cheraw. As this was a loss induced by an Act of the Legislature, I would suggest the propriety of ordering the Treasurer to give a credit for it in the account between the State and the Bank, so that in future it may not encumber the annual account.

In pursuance of the authority given to the Bank, at the last session, we have established an Agency at Hamburg; although the business of that place at present does not authorize the establishment of a branch, yet I am persuaded that some advantage will be derived from the agency. About one-third of the business of the place is conducted through agents in Charleston, and I think more of it will find its way to that place. The whole of that section of our State which lies on or near the Savannah river, is supplied with Georgia bills; and great complaints were made for the want of our money; in this point of view, it will, I think, be also beneficial.

It may be expected that I should say something as to the future prospects of the Bank, as connected with the subject of the payment of the public debt. And I should, without hesitation, say that the Legislature might calculate on the aid of the Bank to the full extent of seven per cent. on its available fund, but for the all-controlling power of the United States Bank: all calculations as to the correct principles on which a Bank should be conducted, sink into utter insignificance when placed in comparison with the annihilating power of this tremendous engine. I hesitate not to say, that it can control and circumscribe the operations of any Bank in the State, however limited its issue, or well conducted its operations. It possesses a direct control over the operations of individuals. It says to one,

do this, and he does it: and to another, abstain from this, and he obeys.— That this may not be considered as the idle speculation of one not sufficiently experienced to form a correct opinion, I beg leave to refer to the report made by my distinguished predecessor, in the year 1819, since which, it is not to be presumed, that a successful and uncontrolled course of operation, has in any degree lessened the power which he so clearly proves that it possessed. "In the ordinary routine of business, in cities where many Banks are located, it will commonly happen that each Bank will receive the paper of the other institutions, nearly in proportion to the business they mutually transact." They may keep accounts, or discount on each other's paper—if one manifest a spirit of hostility, it is controlled by the other. "But an entirely new case occurs, when a Bank, without doing business, becomes, from extraneous causes, the depository of the circulating-currency of the country; or at least becomes a channel through which all of the money of the country must flow. When such an institution chooses to act with hostility; when it requires that all or a great proportion of that paper, which is constantly and necessarily passing through its coffers, shall be immediately redeemed, no prudence can guard Banks differently situated, against such a pressure—no exertion enable them to support its continued operation. To suspend business, totally, and withdraw its paper from circulation, is the only system which can then place any Bank in a state of security."

"In this community, the Bank of the United States has no paper, (we may now say very little,) in circulation. All of the duties, or taxes, or debts due to the National Government, must, therefore, as long as those debts, or taxes, or duties continue to be collected, be paid into the Bank in the bills of the local institutions; not because those institutions have issued too much paper; not because they have overtraded; not because they have been imprudent; but because there is no other money in circulation; and under the present system, this must continue to be the case, until their last dollar is actually withdrawn. And if a Bank, like that of the State of South Carolina, has been formed for the public benefit, and has been avowedly destined to relieve the distresses of our fellow-citizens, in moments like the present,—if such a Bank should procrastinate the time of calling in its paper; if it should delay to the last possible hour, the pressure which such a measure would necessarily occasion; if, unmindful of its own immediate interest, it should endeavor to check or avert the evil which was overwhelming the community, it might appear at last to have a great deal of paper in circulation, because its paper would form the only currency which the public would have to use. Against such a Bank it will then become easy to accumulate balances;" and then he mentions the circumstances alluded to in the beginning of this report. "If the Bank of the United States depended entirely on its own resources, great as its capital is, and great as are its advantages, there might be some chance for competition; but, standing as it does in our community, the reservoir and depository of the national wealth; receiving into its vaults the overflowing tide of public revenue; acquiring, in this manner, nearly all of the circulating paper of the local Banks; its operations against them, when hostile, are irresistible. The Bank of the United States derives its principal, if not its only means of annoyance, from the resources of the Government. In places, therefore, where little or no revenue is directly paid to the Government, it can acquire no ascendancy over the local Banks. In places where larger portions

of the revenue are received, if great expenditures are made by the United States, the same result will ensue; no balances against the State Banks can accumulate, because the revenue, as fast as it may be collected, is employed in the service of the Government. It is only in places where a large part of the revenue is received, and little or nothing expended, (as in our State,) that the *full and ruinous* effects of this system can be exhibited.—In such places its influence and control are absolute and unlimited. There is one view of the subject which, however unpleasant, it is impossible to overlook. Wherever a Branch of the Bank of the United States is established, it immediately becomes an instrument by which all other monied institutions are and must be regulated. At its pleasure, they transact or suspend business; and at its decrees, the commerce of any city or local district can be interrupted or paralyzed, or totally destroyed. It wields, in truth, a power which the Government of the United States itself cannot exercise and does not possess. The laws of the United States must be enacted publicly, and must have an universal and uniform operation; the decrees of the Bank are passed in privacy, and are only known by their effects. Decisions which may affect every pecuniary transaction of a country, may be made in silence, and executed almost in secrecy. They would at least only be known, and then but partially, at the moment of execution. A community may feel their effects, may find itself involved in distress and ruin, without being able to trace distinctly the origin or extent of the operating cause. On the whole, it is by the resources of the nation that we are overpowered; it is by the arm of Government that we are oppressed; and, it may merit some inquiry whether the arm of Government ought to be so employed." The recent avowal of Mr. Biddle, confirms this opinion of Mr. Elliott. I close these remarks on the power of this institution, with this single observation: That if this was purely a national institution; if the profits of it went into the coffers of the General Government, our patriotism might induce us to submit; but when it is recollected that it is in fact the establishment of a *monied Aristocracy*; that a few individuals reap the greater part of the profit, and direct its operation; that they can and do control the money concerns of the country, and the acts of all who are engaged in them, it should excite the indignation of every genuine lover of liberty, and call forth the united opposition of the people of the different States.

But it is now some years since the United States Bank has exercised its full power in this State, and not until lately even attempted to create a balance against us. It is, therefore, possible, that we may be permitted to participate to some extent in the business of the country. In order, however, to make the best preparation for the payment of the public debt, I would submit the propriety of authorizing the President and Directors to purchase any safe stock, with the amount appropriated to the Sinking Fund, as occasion may offer.

By an Act of the Legislature, passed in ———, it is made the duty of the President of the Bank, to countersign all transfers of stock. To all who are acquainted with the nature of this business, the urgency of the parties is well known; I am by this, often compelled to leave the Bank, and go to the Treasurer's office, where the books are kept, to discharge this duty. I need not say to the Legislature, that I am willing to perform any duty, which they have or may think proper to prescribe; but it must be obvious that this duty clashes with the more important duties which I am

required to perform in the Bank. In the Bank of the United States the whole business of transfer is conducted in the Bank; and it may very easily be so done in our Bank, with the number of officers we now have.— But if it should be deemed inexpedient to adopt this course, I would respectfully request that the duty be imposed on some other public officer.

I shall ask leave, through your Committee, to propose some regulations as to the internal police of the Bank, which I deem important to its good government.

Should I have omitted anything in this report, which was expected of me, I must throw myself on the well known liberality of the Legislature, pleading as an excuse, that I am young in office, and holding myself ready to make any other or further communication which may be required.

All which is respectfully submitted, by

C. J. COLCOCK,

*President of the Bank of the State of South Carolina.*





(1832.)

*To the Honorable the House of Representatives.*

I herewith present for your information, the annual account, by which it will be seen, that a profit equal to that of the last year, has been received, after a considerable deduction for losses by bad debts. The profit is equal to 8 per cent., including the Sinking Fund with the capital. Very considerable sums have been received from the amount of suspended debts, though a large amount still remains unproductive. I have purchased during the year, the sum of \$71,405 12 of stock, but have not been able to dispose of any of that which it was recommended should be sold. It gives me pleasure to be able to state that not a bad debt has been made since my administration, thus far. In looking forward to the operations of another year, I am not permitted to indulge the hope, or to hold out the expectation to your Honorable Body, that I shall be able to carry them on so successfully as heretofore. No Bank, it is believed, in the State, except our own, and the United States' Branch, makes more than 6 per cent.; and the increased competition of the new Bank which has been recently chartered, and that of those re-incorporated, whose privileges have been greatly extended, must, as a matter of course, when added to the overwhelming influence and control of the United States' Bank, greatly diminish our operations, and consequently our profits.

The cheering prospect, however, of being released from the controlling influence of the United States' Bank, and the almost certain prospect of a speedy release from the other unjust and unconstitutional oppressions under which we have long groaned, and to which we have but too tamely submitted, induce me to hope that I shall yet be able to make the institution as profitable as any other Bank not possessing greater advantages.

I shall take occasion to communicate to your Honorable Body such other matters as may be necessary to be made known to you, but not proper to be stated in this report.

All which is respectfully submitted, &c., &c.

C. J. COLCOCK, *President.*

[illegible]

CHARLESTON, October 1, 1832.

CHARLES M. FURMAN, *Cashier.*

(1833)

*To the Honorable the President and Members of the Senate of the State of South-Carolina:*

GENTLEMEN:—In presenting my Annual Account, it affords me great pleasure to be enabled to inform you that the fiscal affairs of the State have not been in a more flourishing condition within my recollection.

The gloomy prospect which was presented to us at the commencement of the year forbade my holding out any expectation of being able to realize the same profit from the Bank that was done during the last fiscal year. But the exertions which have been made to meet the large expenditures which circumstances rendered necessary, to preserve the credit of the State, and to carry on successfully the operations of the Bank, have been blessed by a kind and overruling Providence; and I am again enabled to carry to the credit of the Sinking Fund, the sum of one hundred and twenty thousand dollars, (\$120,000,) besides paying the premium on the purchase of seventy-two thousand, four hundred and seventy-six dollars, sixty-nine cents (\$72,476 69-100) stock, and carrying to the profit and loss account, nineteen thousand seven hundred and sixty-four dollars, thirty-three cents, (\$19,764 33-100,) so that the gross amount of profit for the year is one hundred and fifty-one thousand and three dollars fifty-two cents, (\$151,003 52-100,) more, I can confidently assert, than ever was made in any antecedent year, since the establishment of the Bank, (beyond the expenses of the Bank.) I am also warranted in stating that not a dollar has yet been lost to the Bank, in any debt contracted since my coming into office. This of course cannot be expected to continue always, but it is, I think, the best evidence of the cautious and prudent conduct of the Institution, and I feel confident, that should our exertions continue to be crowned with similar success, we shall be enabled (with the aid of any surplus revenue of the State,) to meet the payment of the public debt without at all affecting the operations of the Bank.

Should it be the pleasure of your Honorable Body to continue its operations—and it becomes my duty at this time to bring your attention to the subject of re-chartering the Bank, as the limitation contained in the original charter expires on the first May, 1835. It is therefore necessary that the subject should be taken up at this Session, for if it should be determined by the Legislature not to continue the Bank, it must be obvious that it should be known to the community as early as possible—and also that proper arrangements should be made for winding up its affairs. It is not my duty, nor my inclination, to obtrude any of my views on the subject of re-chartering the Bank, or paying off the public debt but such views as, have presented themselves to me in discharge of my official duties, I am at all times ready to communicate to your Honorable Body, in such manner as you may be pleased to direct. In the event of the Bank's being re-chartered, I conceive it my duty to submit to your consideration the propriety of discontinuing the Branch at Georgetown. There is no longer any commerce in that place, and its contiguity to Charleston, with the facilities now afforded by the mail, enable persons resident there, to make communications to the parent Bank on one day, and to receive an answer on the next.

The Planters in that section of the State, generally (it is believed,) send their produce to Charleston, and have Factors in town, who can always negotiate their Bank business. Many of those beyond the District of Georgetown, who have not this direct and speedy communication with the city of

Charleston, are as near to the Camden Branch, where they may obtain their loans; and above all, it has been found impossible to obtain a direction so constituted as to form a Board throughout the year, so that in fact, it is now, during the summer months, no more than an agency. The expense of a Branch could be saved, and an Agent appointed to do all the business which is at all profitable to the Bank. I am aware that objections may be made to this alteration in the arrangement of the Institution. It may be said, that it would be inconvenient to the debtors to renew their notes in Charleston. This difficulty can easily be obviated, by allowing them to renew either in the parent Bank in Charleston, or in the Branch in Camden, or with the Agent at Georgetown, giving to those who would renew in the Bank in Charleston, or the Branch at Camden, a longer time to make their arrangements with proper agents: say six months, or more if necessary. There can be no doubt that a more active employment of the amount now due at that Branch would benefit the Institution, besides the saving in the expenses, and there could not be a more favorable time for the alteration than the present, as the President of the Branch has tendered to us his resignation, finding that the state of his health would not permit him to devote as much of his time to the affairs of the branch, as his high sense of duty dictates to him to be necessary. I beg leave to bring another matter to the view of your Honorable Body. By a resolution passed at the Session of 1827, "The President and Directors of the Bank were instructed to indulge Gen. Sumter during his life time, on his debt to the Bank, free of interest from that time, taking such steps as may be necessary to secure the ultimate payment of said debt."

This distinguished patriot having paid the debt of nature, the indulgence of course ceases, and it becomes our duty to collect the debt. This would in all probability exhaust the greater part of the estate left by him; and we have therefore thought it proper, at the request of his representatives, who have paid a year's interest since his death, to postpone acting in this matter until this session, when the directions of your Honorable Body may be obtained. There is another matter of vital importance to the Bank, which it becomes my duty to present to your notice. Mr. Overstreet was some years ago appointed a Director of our Bank, and after borrowing a large sum, failed. Mr. Michael Brown was considered by the community in Charleston as his copartner, and was sued both in Georgia and in this State as such; on some of the notes, and after much and tedious litigation, we succeeded a few Courts past in obtaining judgment against Mr. Brown, and execution was issued to make the money. Mr. Brown has carried up an appeal to the U. S. Court. Had this been a private matter, (such is my opinion on the right of Mr. Brown to appeal,) I would have indemnified the Sheriff, and proceeded to make the money. But as I considered it as a matter of public concern, and involving some of the most vexatious and difficult points of dispute between the States and the General Government, I deemed it most proper to lay the matter before your Honorable Body, and to pursue such directions as you may think proper to give me.

All of which is respectfully submitted, by

C. J. COLCOCK, *President.*

Annual Statement of the Bank of the State of South Carolina, Charleston, Oct. 1st. 1883.		Cr.	
Dr.			
Capital,-----	\$1,156,318 45	Bills and Notes discounted,-----	\$2,306,690 09
Bank Notes issued,-----	\$1,746,358 00	Bills, Notes and Bonds in suit,--	162,328 68
Do. do. under one dollar, 116,084 19			\$2,449,018 77
			418,196 56
State Treasurer, for Sinking Fund		Bonds and Mortgages,-----	
for five and six per cent. Stocks.		1,014 Shares in State Bank Stock, \$101,400 00	
This Fund being set apart for		State Three per cent. Stock,-----	15,795 23
payment of the interest and re-		Do. Five per cent. Stock,-----	69,066 81
demption of the said Stocks,--	\$371,409 78	Do. Six per cent. Stock,-----	74,695 17
Discount and Interest received and			
transferred to the Sinking Fund, 120,000 00		Bank Estate,-----	\$32,273 47
		Real do.-----	4,096 02
State Treasury, Charleston,-----	\$100,854 79		
Do. do. Columbia,-----	61,190 21	Judgments,-----	
		Office Bank U. States, Charleston, \$41,330 59	
Individual Deposits,-----		Funds in New York,-----	12,728 40
		Specie,-----	\$220,742 35
		Bills of this Bank,-----	588,460 00
		Do. of Charleston Bank,-----	20,000 00
			829,202 35
			\$4,089,709 22

BANK OF THE STATE OF SOUTH-CAROLINA,  
Charleston, October 1st, 1883.

CHARLES M. FURMAN, *Cashier.*

(1834.)

*To the Honorable the Members of the Legislature of South Carolina.*

In presenting my annual report, it has been hitherto my boast, that not a dollar had been lost on any debt contracted since I have been in office: but it now becomes my duty to inform you, that shortly after my last report, a most unheard of (and as to amount) a most unexpected calamity befel our branch at this place. Five of the commercial houses of this place, who had been for years in the habit of dealing with our Branch, and who had never before failed to pay up the least of their drafts, at, or soon after, the close of the business season, suddenly, and in the midst of that season, stopped payment or utterly failed, as it was said, to a very great amount. It was not from the want of vigilance or foresight, that the loss occurred, for had it been possible, by any effort of mine, to have warded off the blow, it had never fallen upon us. Soon after the establishment of the Commercial Bank, I foresaw the liability to such imposition, arising from the facility of procuring money, where two rival institutions subsisted in so small a place, and exerted myself to make such arrangements as would secure us from losses of this kind. My efforts were all unsuccessful. As soon, however, as the worst was known, every exertion was made to save as much as possible, and by a prompt action, aided by the co-operation of a gentleman joined with me by the other Bank and parties, and that of the President himself, we succeeded in securing from two houses, funds sufficient to pay the full amount due by them. In only one instance is the full extent of our losses clearly ascertained, which is in the case of D. & J. Finn; the former of whom was a Bank director. Mr. Finn's debt to the Branch was forty-two thousand dollars, (\$42,000) and to the other creditors, it was two thousand three hundred and sixty-four dollars 68-100, (\$2,364 68-100,) and he assigned property and paid in money to the amount of sixteen thousand and ninety-eight dollars 61-100, (\$16,098 61-100) the most of which has been received, and he is bound to make the rest available. On the debt due by Brennan & Co. we have received about fifty cents in the dollar; and in the case of F. & J. McCully, suits have been commenced and are in progress, though hopes are still entertained of a compromise which may yield us sixty cents in the dollar. It will be perceived by the accounts rendered, that we have carried to the profit and loss account, to meet these losses, the whole of the profits of the Columbia Branch, amounting to forty-five thousand seven hundred dollars and forty-six cents, which is more than sufficient to cover the ascertained losses on Finn's debt, and the anticipated loss on that of F. & J. McCully. Our prospects of future payments from Brennan & Co. depend much on the amount which we may recover on claims assigned in Alabama—from present prospects we are led to expect some addition to our receipts. If, then, the profits of the Bank for the next year equal those of the present, they will be more than sufficient to reinstate it in its former flourishing condition.

It affords me some relief, however, to show to you that the gross profits of the Bank exceed those of any former year, and I am thereby enabled to carry to the credit of the Sinking Fund, the sum of one hundred and five thousand two hundred and thirty-three dollars and forty-five cents, certainly; which is within three thousand dollars of seven per cent. on the whole

amount of capital and sinking fund in our hands last year. And relying on the well known justice of the Legislature, I trust the further sum of thirteen thousand six hundred and forty-one dollars eighty-nine cents, which they have taken from the Bank for the benefit of individuals, and which must be carried to the credit of the Bank, in some way, to place them on the fair ground on which they ought to stand, will be refunded.

The sums alluded to, are seven years interest on the debt of General Sumter, \$10,780,—and the debt due by the Female Academy at Columbia, twenty-eight hundred and sixty-one dollars 89-100, and interest—both of which were released to the parties by resolutions of the Legislature.

These debts were the property of the Bank, and must, of course, appear on their books. If taken from the capital of the Bank, given to it by the Legislature, it will, of course, diminish its income by so much the succeeding year—an event which, I think I may safely say, the Legislature never contemplated in the exercise of their liberality towards these individuals. To deprive the Bank of so much of its profits, without any remuneration or credit, would be doing an injustice to the managers of that institution, which I am confident the Legislature never intended. I therefore most respectfully request, as the best mode of adjusting this claim—that the Comptroller be directed by Resolution, to give the Bank a draft on one or other of the Treasurers, for these amounts, which will then be carried to the credit of the sinking fund, and make our annual appropriation within a small amount of what it has been for the last three years.

I beg leave to embrace this opportunity, in the most respectful manner, and with the utmost deference, to suggest some considerations on the subject of this interference of the Legislature with the affairs of the Bank, which have made a deep impression on my own mind, and which I think are worthy of the notice of your Honorable body.

The Bank has been regularly incorporated, and I submit to your consideration, whether, (legally speaking) the Legislature has now any control of its funds; and, I presume, in the original establishment of it as a fiscal arrangement, it was intended so to organize the establishment as to prevent that very interference. But there is still another consideration, operating as powerfully to show that the Legislature should not dispose of the funds of the Bank.

By an Act of the Legislature, the profits of the institution are solemnly pledged to the extinguishment of the public debt; thus giving to your stock a greater value than that of any stock hitherto issued by this State, from the confidence with which the holders of it are inspired. And I further submit, whether it is saying too much, that, both in a moral and legal sense, the fund is placed beyond the control of the Legislature for any other purpose, and whether this would not be a sufficient answer to all applicants. It must be obvious, that the officers who manage this fiscal establishment, could not, with propriety, array themselves against the Legislature, and say their Resolutions, disposing of the funds of the Bank, should not be carried into effect—while the compliance with them will operate as a serious loss, if the Bank be not reimbursed in some way; and in process of time, it might operate to the destruction of the very purpose for which it was created. For such precedents will always operate as a wedge, as has already been made to appear by the number and nature of the applications made within a few years past. A sense of duty has induced me to submit these considerations to you, for I feel as sensibly as



the Legislature do, the weight of the public debt, and the indispensable necessity of promptly meeting the payment of it. A difficulty in effecting this object, has been created by the circumstance of so large a portion of it being made redeemable at one period—though there is no doubt that it can be overcome when that period does arrive. It will be observed that our issue has been considerably diminished, and our amount of specie increased, since our last annual return, and we have also added to the stability of the Bank, by the purchase of \$8,417 11 worth of stock; and it is our purpose to diminish the issue still further; for the establishment of new banks in the interior of the State has, (as a matter of course) restricted our operations in that section of country where we formerly occupied the whole ground, and the issue of those institutions necessarily pushes ours out of circulation, and sends it back to us (much of it) through the United States Bank, to our great disadvantage. There never can be any approach to equality in a competition between a public and a private Bank; so large a portion of the community are directly and individually interested in these Banks, and that interest now so well understood and attended to, that the unusual circulation hitherto supported by the circumstance of our furnishing by far the larger portion of the whole circulation of the country, and the great credit of the State, can no longer be sustained with a due regard to the safety of the institution, and the preservation of that high confidence hitherto reposed in the State, and so justly merited by the course which has been invariably pursued in all her pecuniary transactions. There is, however, a wide field besides the interior of the State, in which the mother Bank can and has operated, and should the charter of the United States Bank not be renewed, there will be still greater calls on all the other Banks for money—for that institution has hitherto contributed largely to the supply of the wants of the commercial interests in Charleston.

As the Bank is now at the commencement of its operation, under the new charter, it may be deemed improper to close this report, without presenting a summary view of its principal operations as a fiscal establishment. The capital is one million one hundred and fifty-six thousand three hundred and eighteen dollars 48-100 (\$1,156,318 48-100,) and this comprises every description of funds that we have received from the State. One object effected by the use of this capital, is to pay annually, (and it has been done for years,) the interest of the public debt, which amounts to eighty-five thousand five hundred dollars, (\$5,500,) a sum exceeding, by several thousands of dollars, the interest on the fund received from the State. But from the profits of its capital, the Bank not only pays the interest on one million five hundred and fifty thousand dollars (\$1,550,000) of the public debt; it also, from the same source, has accumulated a fund, which, on the close of this fiscal year, amounted to more than four hundred thousand dollars, (\$400,000) and which will be hereafter applicable to the payment of the principal of the public debt. In estimating the rate of profit which may be made by the Bank in any one year on the amount of its funds, it may be well to account for the interest on this portion of them; but in estimating the benefit which has resulted to the State from the establishment of the institution, the whole of this fund must be placed to its credit; having been first created by it, and now an interest paid on it.

All of which is respectfully submitted, with the usual accounts.

C. J. COLCOCK, *President.*

COLUMBIA, Dec. 1834.

Dr. *Annual Statement.—Bank of the State of South Carolina.* Cr.

To Capital.....	\$1,156,318 48	By Bills and Notes discounted.....	\$2,123,155 83	
" Bank Notes issued.....	\$1,625,720 00	" Do. do. in suit.....	173,188 52	
" Do. do. under One Dollar	161,650 00			\$2,296,344 35
" State Treasurer for 5 and 6 per cent. Sinking Fund.....	\$405,275 70	" Bonds secured by Mortgages.....		500,033 84
" Discount and Interest received, and transferred to Sinking Fund	105,933 45	" Judgments.....		48,295 33
" State Treasury, Charleston.....	\$140,491 27	" 1,014 shares in State Bank.....	\$101,400 00	
" Do. do. Columbia.....	62,722 38	" 10 shares in Commercial Bank.....	336 25	
" Office Bank United States, Charleston.....		" Three per cent. State Stock.....	17,789 27	
" Individual Deposits.....		" Five per cent. State Stock.....	72,193 44	
		" Six per cent. State Stock.....	78,041 61	
		" Bank Estate.....	\$32,273 47	269,760 57
		" Real Estate.....	2,996 02	
		" Office Bank United States, New York.....		35,269 49
		CASH:		8,724 25
		" Specie.....	\$263,599 78	
		" Notes of this Bank.....	519,100 00	
		" Notes of City Banks.....	92,000 00	
				\$874,699 78
	\$4,033,127 61			\$4,033,127 61

\* A portion of this amount in Bills of the United States' Bank.

C. J. COLCOCK, *President.*  
C. M. FURMAN, *Cashier.*

CHARLESTON, 1st October, 1834.

(1835.)

*To the Honorable the Members of the Legislature of South Carolina :*

In presenting the annual accounts of the Bank, it affords me no small gratification to be able to state, that the profits of the Bank have far exceeded those of any former year ; and so far as my information or knowledge enable me to judge, are equal to those of any other Banking Institution of the State. The whole amount of profit, as will be perceived, is \$165,628 62. One hundred and twenty thousand dollars is carried to the sinking fund, and the rest to the extinguishment of the unfortunate losses at Columbia, and some old debts in Charleston, which have been for a long time unavailable to the Institution. The issue has been reduced at least \$130,000, since my last report, and the amount of specie increased about \$250,000. Throughout the whole year, in our transactions with the United States' Bank, a balance in favor of this Bank has been maintained. I have annexed to the annual accounts, the accounts for the year 1830 ; by a comparison with which, it will appear that the condition of the Bank has greatly improved : In that year the profits in Charleston were.....\$28,414 46

In this year.....	96,560 72
In that year, the whole profit was.....	113,280 18
In this.....	165,628 62

And a comparison of the amount of specie on hand, and of the issue, is equally favorable. It will be observed that the Bond account has been also greatly increased. These debts, when well secured, and in due proportion to the amount of capital, are the best that can be held, inasmuch as they yield an interest of 7 per cent. They are a great accommodation to the agricultural interest of the State, as there is no other Bank in which such accommodation can be obtained by the planters, and it was originally intended that from this Bank, accommodations of this kind were to be expected. I am aware that objections have been urged against these loans ; but the history of the Bank proves, that in addition to the profit of the Bank on the one hand, and the accommodation to the planter on the other, less loss has been sustained from debts of that kind, than from any other ; there being but one solitary instance in which a loss has been sustained, and that not exceeding \$500, and even in that case, the land mortgaged is now in the hands of the Bank, though depreciated in the value from that which was affixed to it by the Commissioners ; and such is now the prospect of improvement in our State, that it is thought expedient by the Board of Directors, as well as by myself, to propose to your consideration an amendment of the charter, so as to authorize loans on real estate in the cities, by note, on the same principle as loans on stock ; by which means, a man's real estate would enable him to borrow without an endorser. Since a re-charter of the State Bank, on the condition of making up the capital, its stock, as was predicted, has risen rapidly in value, and as soon as it reached that point at which we were safe in selling, viz : 14 per cent. above par, I brought the subject to the view of the Board of Directors, who agreed with me in the propriety of selling out, and buying stock in the new Bank, for which purpose a Committee of two of the Board were appointed, who, by their attention and active co-operation, procured for the Bank 1,786 shares in the Bank of Charleston, which are divided between the Bank and the Sinking Fund, the Act of 1832 authorizing a purchase for the latter. By

which operation, the value of that portion of our capital has been very much increased, that stock being now 30 per cent. above par, with a prospect of rising still higher. I beg leave, respectfully, to call your attention to the application made in the report of the last year, to restore to the Bank the sums withdrawn from it by Legislative authority; say \$10,780, being interest on the debt of the late General Sumter; and \$2,861 89, the debt due by the Female Academy in Columbia, which did not pass through the Senate, for want of time.

From the growing prosperity of our State and city, and the consequent improvement of the Bank, and the amount of the Sinking Fund, I do not think it is venturing too much to say, that the Bank would be enabled to assist the State in any proposed improvement which may be undertaken by the authority of your honorable body.

All of which is respectfully submitted.

C. J. COLCOCK, *President.*

Dr. *Annual Statement of the Bank of the State of South Carolina, 1st October, 1835.* Cr.

To Capital.....	\$1,156,318 48	By Bills and Notes discounted... \$1,981,694 16	
" Bank Notes issued.....	\$1,473,720 00	" Bills, Notes and Bonds in suit 120,200 37	
" Do. do. at Columbia 32,000 00			
" Do. do. under \$1.. 91,000 00			\$2,101,294 53
" State Treasurer for Sink'g Fund	1,596,720 00	" Bonds secured by Mortgages.....	631,112 98
for Five and Six per ct. Stocks.		" State Three per cent. Stock.....	
This Fund being set apart for		" Do. Five per cent. Stock.....	\$18,069 34
payment of the interest and re-		" Do. Six per cent. Stock.....	74,193 44
demption of said Stocks.....	\$425,703 71	" Charleston Bank Stock.....	80,541 61
" Discount and interest received		" Commercial Bank Stock.....	44,650 00
and transferred to Sink'g Fund 120,000 00			366 25
		" Bank Estate.....	217,820 64
" State Treasury, Charleston.....	\$295,220 37	" Real do. ....	\$32,273 47
" Do. do. Columbia.....	47,342 68		5,996 02
" Drafts in transitu.....		" Judgments.....	
" Individual Deposits.....		" Office Bank U. S. Charleston.....	\$275,339 31
		" Do. do. do. New York.....	46,888 67
		" Specie.....	\$516,206 76
		" Bills of Bank.....	323,350 00
		" Do. of Bank United States.....	196,850 00
		" Do. of Banks of this State....	26,800 00
			1,063,206 76
			\$4,417,890 44

CHARLES M. FURMAN, *Cashier.*

(1886.)

*To the Honorable the Speaker and Members of the House of Representatives :*

The President of the Bank of the State of South Carolina begs leave to report :

That the operations of the Bank for the last year have been unusually successful—and he is enabled to carry to the credit of the Sinking Fund, the sum of \$135,000, besides extinguishing the remnant of some old debts which have been lost, by carrying the amount to the account of profit and loss, and leaving to the credit of the contingent account, the sum of \$20,638 73, to meet the payments to the Rail Road subscription, premium on stock, specie, &c. While it affords him great satisfaction to make such an Exhibit, during a year of such severe trial and difficulty in the commercial world, and such an unusual disturbance in the money system of the whole world, it becomes a duty, not only to the State, but to himself; to say, that a continuation, and more particularly, any increase in these matters of difficulty, forbid the hope of the like success for another year. The late difficulties between the Bank of England and the American merchants, have developed some important and startling facts, which are worthy of serious consideration, when we advert to the standing which is held by that great institution. It is declared that the specie of the world is not adequate to the greatly increased demand of the commercial world—and hence, it has become the subject of barter and sale, to the great annoyance of the Banking system. Added to the universal increase in the commerce of the world, arising from the peaceful state of Europe and America, for the last thirty years, the rapid rise and improvements of the latter have required and exhausted no small amount of the capital of England, and consequently, their operations at present are somewhat contracted, and must remain so for a time. The truth of these facts has been greatly felt, during the last year, and are at this moment operating in our community, and it will require all the aid of a good crop to afford relief to us, and assistance to them.

So much specie has been drawn from England of late, that every effort must now be made by her, to prevent a further drain, and interest has risen in every part of Europe, as far as we can obtain information. The great number of Banks in the United States, and that number continually increasing—each requiring a certain amount of specie corresponding with their capital, has created, together with the universally high rate of exchange, (and the Government order in the sale of the public lands,) such a demand for it here, as to induce the brokers to make it a subject of barter and exchange, and they have been, and now are, drawing daily from the Banks all they can, to the great inconvenience of the community; inasmuch as it obliges the Banks to restrict their operations. I think I am within bounds, when I say, that a million of specie more has been required in the operations of the Banks of our city this year, than in any former year, since that of 1825. Add to all this, a spirit of speculation and over-trading, which pervades all parts of our country; and it will be seen that the utmost caution and circumspection are necessary in the conduct and management of the institution. With an enlightened and active Board of Directors, such as we now have—ever mindful, that it is not only necessary to sustain the Bank, but also the credit of the State, I think I can venture, (with a confidence in the protection and support of that benignant Providence we have experienced for so many years,) to promise such results as, under all circumstances, will be deemed satisfactory to an enlightened and liberal Legislature. All which is respectfully submitted.

C. J. COLCOCK, *President.*

Annual Statement.— <i>Bank of the State of South Carolina.</i>		Dr.	Cr.
To Capital.....	\$1,156,318 48	By Bills and Notes discounted.....	\$2,344,811 38
" Bank Notes issued.....	\$1,582,760 00	" Bills, Notes, and Bonds-in suit.....	116,860 51
" Do. do. at Columbia.....	30,000 00		
" Do. do. under \$1.....	83,725 00		
	1,696,485 00	" Bonds secured by Mortgages.....	\$2,461,671 89
" State Treasurer, for Sink'g Fund		" Bank of Charleston stock.....	658,322 73
of the State of South Carolina		" Three per cent. State stock.....	\$178,600 00
for redemption of 5 and 6 per		" Five per cent. State stock.....	18,069 34
cent. stocks, and for the pay-		" Six per cent. State stock.....	83,360 10
ment of interest thereon.....	\$461,360 25	" Commercial Bank stock.....	88,011 61
" Discount and Int. received and			486 25
transferred to Sinking Fund..	135,000 00	" Bank Estate.....	368,527 30
		" Real Estate.....	\$32,273 47
" State Treasury, Charleston.....	\$357,797 61		6,406 23
" Do. do. Columbia.....	24,327 01	" Judgments.....	38,679 70
		" State of South-Carolina advanced for Maga-	25,027 06
" Contingent Account.....		zine Guard at Columbia.....	7,660 00
" Individual Deposits.....		" CASH:	
		Specie.....	\$448,551 75
		Notes of this Bank.....	578,215 60
		Notes of other Banks.....	64,520 00
			1,091,286 75
			\$4,651,175 43

CHARLES M. FURMAN, *Cashier.*

CHARLESTON, October 1, 1836.

(1837.)

*To the Honorable the Speaker and Members of the House of Representatives :*

GENTLEMEN :—Since the period of my last Report, the monetary affairs of our country have been thrown into great disorder and confusion, by one of those revulsions; to which the nations of the earth, as well as the individuals who inhabit it, are equally liable.

We do not profess to have been able to have formed any estimate of its desolating effects—though we are happy to be able to say, that the coming storm was anticipated, and as far as our foresight and power extended, we were prepared to meet it. We claim no merit in saying this, because it was impossible for persons occupying the position we do, not to have foreseen it—though there were many who were deaf to all admonitions on the subject, and were constantly branding those who saw more clearly than themselves, with the epithets of alarmists.

The happy result, to ourselves and our country, of the course we have pursued, is the only triumph which we desire to claim. We believe there is no Bank in the Union, whose operations are as extensive as ours, who have suffered less than we have done, or are like to do, by the desolating ravages of the late calamity. We are enabled to return, as the amount to be carried to the Sinking Fund, the sum of two hundred and one thousand two hundred and twenty-five dollars and thirty-seven cents (201,225 37) clear profits of the Bank; besides the sum carried to profit and loss, and deducted for this year, as you will perceive, from the Contingent Fund.

The Bank, however, has been driven from her usual course, and compelled, in some degree, and to a certain extent, to yield to the force of circumstances which she did not possess the power to control. In the month of May, the Banks at the North, (and elsewhere, according to the rumor of the day,) stopped *specie payments*; or, in other words, refused to redeem their notes. The consequences to us, were manifest and inevitable. We should, in a short time, have been drained of all the specie we possessed, and compelled to have stopped business, or have had to add to the calamity by which the country was nearly overwhelmed, by pressing our debtors for payment. In this state of things, a meeting of all the Banks was called, to deliberate on the proper course to be pursued—and we took the ground that no action on the part of the Banks was proper, until called on by the people; a meeting of the citizens of Charleston and its vicinity took place the next day. During their deliberation, it appeared that there were persons in the town, at that very moment, prepared to draw largely on the Banks; in consequence of which, a committee was deputed to wait on the Banks and to request that they would not redeem their notes until the resolutions of the meeting could be made known. These resolutions, as soon as adopted, were transmitted to the Banks by the proper authorities; and at a second meeting of the Banks, it was agreed that the public welfare demanded of us a compliance with their request.

I deem it unnecessary to enlarge upon this topic, because, at this day, the public are well and fully informed on it—and of course, your honorable body well qualified to form a correct opinion on the propriety of our course; our statement will show that the condition of the Bank did not render such a step expedient, and you are assured that we were most reluctantly brought into the measure.

In another particular, it becomes my duty to acknowledge that the Bank has been driven to the necessity of exercising a power which it did not



possess—indeed, one which it was prohibited from exercising, by the second clause of the Act re-incorporating the Bank, passed on the 19th day of December, 1833—"That of issuing bills under the denomination of one dollar." This was, in a measure, a consequence of the suspension of specie payments. For, in a very short time after that was determined on, all the specie change that was in circulation was withdrawn, and as fast as the Banks supplied the circulation, was again taken up. On the first application the Bank refused to act. An application was then made to the City Council, and to the other Banks. But, on investigation, it appeared that they were not only prohibited from issuing bills below five dollars, but that this issue, by them, was declared to be absolutely void. See Act of Assembly, 19th December, 1816.

The Bank was then called on by the Comptroller General, the Mayor of the City, and three or four Members of the Legislature, as a Committee of the Delegation, with the joint solicitation of all the Presidents of the Banks of the city, and requested to yield to the wants of the community. It was urged that some mode of supplying this demand must be devised. For, otherwise, each individual would issue his own *Due Bills*—and the necessity of the case compelling the citizens to receive them, would, undoubtedly, induce great loss—and that, too, to that portion of the community least able to bear the loss—the laboring class. That as the necessity was apparent, and this Bank was known to be the public agent for the management of its fiscal concerns, and high in credit with the people, it was advisable that the issue should come from it. We accordingly have issued to the amount of thirty thousand dollars, and are daily called on for more. I would, therefore, respectfully call the early attention of your honorable body to the subject—and request that you will either re-enact the law giving the authority of the Bank to issue notes of twenty-five and fifty cents, or merely sanction the issue already made, as may be deemed most proper. The duty of issuing them is an arduous one, and the operation expensive—and the Legislature will remember how readily the Bank dispensed with them. Indeed; the clause was inserted at my special request. It will be obvious, that so long as the payment of specie is suspended by the Banks, the necessity for these bills will continue—and as this Bank is the only one authorized to issue anything under five dollars, perhaps it is as well the authority should be given to it—limited either as to amount, or time, or both, as may appear most proper. The whole burthen of supplying the community with change having fallen upon us, it becomes our duty, in order to prevent an increase of circulation, a measure to be avoided at a time like the present, to exchange these bills for other bills of this Bank—and this we shall continue to do, until we receive a further authority to issue, or are stopped in the operation of issuing them.

In immediate connexion with this subject, I beg leave to call the attention of your honorable body to the Act of Assembly, 16th December, 1818, which authorizes the Presidents and Cashiers of "The Branches of the Bank of the State of South-Carolina, to sign small bills of credit, payable on demand, of a lower denomination than five dollars, under such regulations as the President and Directors of the Bank of the State of South Carolina may direct—and the President and Cashier of the said Bank of the State of South Carolina, are hereby exempted from signing the same, any law to the contrary notwithstanding." It is indispensable that this power should be given, for such is the wear and tear of these small bills that a continued

renewal of them is necessary—many of them being unfit for use in two or three months. But in practice, it is troublesome to send the bills unsigned to the Branches. I would, therefore, respectfully request that the Act be so amended as to authorize the President and Directors to cause the signatures to be affixed to all bills under the denomination of five dollars, by a Clerk, to be called Assistant Clerk, or otherwise, under the immediate inspection of the President and Directors.

The authority of the Act of 1818 has been seldom exercised—never, except in times of great pressure on the Officers of the Bank. But the business of the Bank has, of late years, been so much increased, that the President and Cashier are at all times fully occupied in business of much greater importance than signing these small bills—and, therefore, the power should in future be exercised through some agent legally authorized. In closing my Report, I am compelled to state that our Agencies have both ceased. The amount standing to the Hamburg Agent is in suit against him. Our Agent at Georgetown having resigned, the notes standing to that account are in his hands, as Attorney, for suit.

All which is respectfully submitted, by

C. J. COLCOCK, *President.*

Annual Statement.—Bank of the State of South Carolina.		Ca.
Dr.		
To Capital.....	\$1,156,318 48	
" Bank Notes issued,.....	\$1,491,384 00	
" Do. do. at Columbia, 22,000 00		
" Do. do. do. under \$1, 109,535 56		
" State Treasurer, for surplus revenue deposited by the United States,.....	1,622,919 56	
" State Treasury, for Sinking Fund, for redemption of 5 and 6 per cent. stock, and for the payment of interest thereon,.....	1,001,412 90	
" Discount and interest received, and transferred to Sinking Fund,.....	\$510,714 46	
" State Treasury, Charleston,.....	\$201,925 37	
" Do. Columbia,.....	711,939 83	
" Merchant's Bank New York,.....	297,049 03	
" Contingent Account,.....	99,029 34	
" Individual Deposits,.....	32,415 45	
	888,528 42	
	\$5,759,622 20	
By Bills and Notes discounted,.....	\$2,961,087 29	
" Bills, Notes, and Bonds in suit, 200,398 24		
" Bonds secured by Mortgages,.....	\$3,161,985 53	
" Judgments,.....	655,078 15	
" Bank of Charleston stock,.....	25,027 04	
" 3 per cent. State stock,.....	\$98,600 00	
" 5 do. do. do.,.....	18,069 34	
" 6 do. do. do.,.....	83,360 10	
" Bank United States stock,.....	90,031 61	
" Louisville, Charleston, and Cincinnati R. R. Company stock,.....	3,904 00	
" Commercial Bank stock,.....	2,500 00	
" G. W. Mayson, Agent at Hamburg,.....	296,951 30	
" Bank United States,.....	14,962 87	
" Bank Estate,.....	7,594 31	
" Real Estate,.....	34,479 70	
CASH:		
Specie,.....	\$814,264 28	
Notes of this Bank,.....	973,896 00	
Notes of other Banks,.....	275,383 00	
	1,563,543 28	
	\$5,759,622 20	

CHARLES M. FURMAN, *Cashier*  
Bank of the State of South Carolina.

CHARLESTON, 2d October, 1837.

(1838.)

*To the Honorable the Speaker and Members of the House of Representatives.*

GENTLEMEN:—Since I had the honor to make my last report to you, the monetary affairs of our country have been gradually, though slowly, returning to a more healthful state, and though by no means fully restored to their former prosperous condition, yet I hope they will ere long be in a safe condition. All the Banks have not yet resumed specie payments, and when the period arrives beyond which they can no longer postpone it, or forfeit their charters, we must unavoidably experience some inconveniences in their struggles to maintain themselves.

It will be observed, that our return is not as large as it was the last year, but when it is recollected what a serious shock we sustained, it may well account for the small difference of five thousand dollars. The period is fast approaching, when \$800,000 of the public debt must be paid. Such has been the pressure on the community arising from losses of crops, and depreciation in price, as well as the general embarrassments, that we have been obliged to extend indulgence to all who were unable to meet their payments, by which means our amount of discounts and loans on bonds have been increased to an unusual amount, one, in fact, which could not be excused, except by the extraordinary state of things which has existed for the last two years. In consequence of these embarrassments, we have been unable to purchase as much of the stock redeemable in 1840, as we otherwise could have done, and as our true policy directed that we should do. But we shall be under the necessity of calling in during the present year, for it would be a reflection on the State, not to meet, with its usual promptness this demand, particularly when it is observed, that upwards of three millions and a half are due to us, and the sinking fund amounts to more than \$300,000.

There are also considerations of a more pressing nature, which urge the payment of this debt. The State has lent its credit to the Louisville, Cincinnati and Charleston Rail Road Company, for two millions, and issued its bonds for the relief of the sufferers by fire in Charleston, for two millions more—it is to be hoped that it will not be called on for the interest on the first loan. But on the second it certainly will, for we have reason to believe that General McDuffie will be able to negotiate the loan in a short time—it is proper that I should state to your honorable body, that after three months trial in New York, we could not get an offer for the Charleston loan at a higher rate than par, though it was acknowledged by all the buyers that it was the best stock ever put into the market. Had I been acting alone, I would have sold at par, but it was thought that more could be obtained in Europe, which I hope may be the result. In order, however, to carry out the benevolent and patriotic intentions of the Legislature, we thought it proper to take an advance on the bonds of \$300,000, which we have been loaning out to the sufferers by fire, and shall continue to do, at 6 per cent. Though it costs us more to get the money here, we are in hopes of being able to loan the amount obtained in England, at that rate, and it would not have been proper or advisable to make a difference between the first applicants, and those who might come in after the advance of \$300,000 was expended. By the time this report is read in your body, I do not doubt that we shall be authorized to draw on England. There is great difficulty in getting money even from New York, for the demand for

Exchange is very limited, and the rate down to  $\frac{1}{2}$  per cent. though, with a knowledge of having funds at our command in England, we shall not permit those who are entitled to the benefit of this loan, to suffer any embarrassments. Great complaints are made of inconvenience and expense in the operation of the law regulating the manner of making the loans to the sufferers by fire, and I am inclined to think that some of them have been prevented from applying in consequence of these difficulties; as it is of the first importance to loan out the money as fast as possible, that we may not sustain any loss of interest, I would respectfully recommend that the law be revised, and the difficulties removed, as far as is consistent with the security to and safety of the State.

All of which is respectfully submitted, by

C. J. COLCOCK, *President.*

November 24, 1838.

Annual Statement of the Bank of the State of South Carolina		Cr.
To Capital.....	\$1,156,318 48	By Bills and Notes discounted.....\$2,639,187 40
" Bank Notes issued.....	\$1,399,609 00	" Do. do. Bonds in suit.....175,341 82
" Do. do. at Columbia.....	20,000 00	
" Do. do. at Camden.....	12,000 00	\$2,816,929 22
" Do. do. under \$1.....	130,506 31	720,786 43
	1,562,115 31	57,072 06
" State of South Carolina, for Surplus Revenue received from United States.....	951,422 09	
" State of South Carolina, for Loan for re-building City of Charleston.....	168,048 62	
" State Treasurer for Sink'g Fund, for payment of int. and redemp- tion of 5 and 6 per ct. Stock.....	\$628,302 54	
" Discount and Interest received and transferred to Sink'g Fund.....	196,530 84	315,419 83
	824,883 38	
" Due to other Banks, (foreign,).....	18,147 12	47,064 25
" Premium on State Loan.....	503 23	157,115 97
" Drafts in transit.....	1,253 32	1,100 00
" State Treasury, Charleston.....	\$102,693 75	
" Do. do. Columbia.....	70,004 38	
" Individual Deposits.....	172,698 13	
	614,119 06	1,345,420 38
	\$5,469,458 74	\$5,469,458 74

CHARLES M. FURMAN, *Cashier*  
of the Bank of the State of South Carolina.

CHARLESTON, 1st October, 1888.

(1839.)

*To the Honorable the Speaker and Members of the House of Representatives:*

GENTLEMEN:—Among the many eminent citizens whose loss we lament since the period of your last meeting, the venerable Judge Colcock occupied a distinguished position. Presiding over this institution for many years, and identified with its interests, he discharged the duties of the high trust reposed in him, with zeal and fidelity, securing the well merited confidence of successive Legislatures. The vacancy occasioned by his death, having been filled according to the requisitions of the Charter, by election among the Directors, the following report is respectfully submitted:

The amount transferred to the Sinking Fund, as nett profits of the Bank for the last year, is two hundred and ten thousand dollars, (\$210,000,) besides the sum of fourteen thousand six hundred and forty-one 1-100 dollars (14,641 01) carried to profit and loss.

As the redemption of the six per cent. stock will absorb the Sinking Fund, and virtually diminish the active means of the Bank, it was deemed advisable to address a circular to the debtors on bond, requiring certain payments.

The general accommodation of the Agricultural interest throughout the State, and the undoubted security of the debt, has heretofore induced the Directors to extend indulgence when default of payment has been occasioned by unpropitious seasons, or other unavoidable calamity. A diminution of the debt would be highly advantageous to the interests of the institution.

Having always considered ourselves under obligation to meet the demands of the Treasury, it is incumbent on me to remark, that the heavy advances to supply the deficiency of the Revenue, necessarily impairs the means of the Bank in promoting the business of the country.

The Committee of Ways and Means, at your last session, recommended "That the President and Directors of the Bank of the State of South Carolina should be authorized and requested to take such means as in their judgment would be deemed necessary to preserve at par throughout the State, the bills which might be issued by any Bank within its limits." In compliance with the above resolution, the Cashier opened a correspondence with the various institutions of the State. Replies were received from the Commercial Bank of Columbia, and the Bank of Camden. Recent events having rendered the action of this resolution more comprehensive than was contemplated, and the subject being deeply interesting to the State, it will rest with your Honorable Body to apply the corrective, and avert the evils of a depreciated currency.

The bright anticipations of profitable business with which the year commenced, have unfortunately not been realized, and the causes operating to produce these adverse results, so various and wide spread, that it would be difficult to condense them in a brief statement. Fluctuation in the price of the great staple of our country, large reclamations due, and consequent distrust of private credit, occasioned a constant demand for specie as a means of remittance. Capital diverted from its usual and regular channel of business, and locked up in irredeemable paper, tended greatly to increase commercial embarrassment.

To swell the catalogue of disasters, a great central institution, struggling to sustain its credit abroad by great sacrifices at home, spread a panic throughout the land by suspending specie payments. The example was immediately followed by most of the Banks south of Philadelphia, and by all in this city, except the Bank of Charleston, and the Bank of the State of South-Carolina. With every disposition to act in concert with the other institutions of the city, when it did not conflict with higher duties, the necessity of the case was not considered sufficiently urgent for precipitate action, and we felt morally as well as legally bound to continue to redeem our obligations in good faith. Administering a great public trust, and specially charged to use every endeavor to keep the currency sound, we believe that we consulted the true interest of the community, and the honor and character of the State, in maintaining our position unchanged.

Under the Act for re-building the City of Charleston, it is made the duty of the President and Directors of this Bank, to make an annual statement of the condition of the fund. Gen. McDuffie's agency in Europe has resulted in the sale of Bonds to the amount of one-half of the contemplated loan, and we have reason to believe that at no time since could the same price have been obtained. He negotiated with the house of Messrs. Baring, Brothers & Co. two hundred and seventeen thousand pounds (£217,000,) at ninety-three pounds (£93) for every one hundred pounds (£100), equal to two hundred and two thousand two hundred and seventy-five pounds (£202,275,) and sold fifteen thousand five hundred pounds (£15,500) at ninety-five pounds (£95) for every one hundred pounds, (£100,) equal to fourteen thousand seven hundred and seventy-five pounds, (£14,775.) These amounts were drawn at an average premium of ten per cent. yielding a nett sum of one million and forty-five thousand four hundred and thirty-eight dollars, seventy cents, (\$1,045,438 70.) This loan cost the State about five and one-half per cent. and the interest on the premium will be more than equivalent to the seven (7) on every one hundred (100) that will be paid on redeeming the Bonds.

The increased value of money abroad rendering all further negotiation hopeless, except at a sacrifice, which the credit of the paper did not warrant, nor the emergency of the case require, the Board of Directors have determined to recall the remaining Bonds, two hundred and seventeen thousand five hundred pounds (£217,500) from the hands of Messrs. Baring, Brothers & Co. and in lieu thereof, with the consent of His Excellency, the Governor, have advertised a six per cent. stock in this market, and have already sold to the amount of about three hundred thousand dollars (\$300,000.)

I would respectfully suggest, that the act be so amended, that the certificates of stock issued, should be signed by the Cashier, and countersigned by the President of the Bank, instead of the Governor and Comptroller General, as the difficulties of transfer would be much lessened by the alteration.

The liberal policy of the State in assisting private enterprise to repair the ravages of a destructive calamity, has achieved, in a few months, what years of unaided industry would have failed to accomplish.

Seven hundred and thirty-eight thousand one hundred and seventy-seven 50-100 dollars (\$738,177 50) has been actually loaned to applicants, many of whom are entitled to further instalments. The amount has been ex-



pendent in erecting valuable and substantial buildings, offering inducements to enterprise, by giving additional security to property, contributing to the comfort and accommodation of the inhabitants, and the embellishment of the city. - The gratuitous service of our fellow-citizens in the valuation of lots, has tended to equalize the distribution of the loan, and give general satisfaction to the community.

In resigning my seat in an institution with which I have been connected for many years, and in whose prosperity I feel a deep interest, I may be permitted to express my acknowledgments to the Cashier for his valuable aid and information, and to the Directors for their uniform co-operation and support.

All which is respectfully submitted, by

JAMES ROSE, *President pro tem.*



(1840.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That the profits of the Bank, from the 30th day of September, 1839, to the 1st day of October 1840, including interest received on the bonds for money loaned for rebuilding the City of Charleston, amounted to the sum of one hundred and eighty-two thousand five hundred and twenty-six dollars and seventy-seven cents, (\$182,526 77.) Of this sum thirty-two thousand nine hundred and seventy dollars and nine cents (\$32,970 09,) the whole amount received as interest on the fire-loan bonds, was paid towards the interest of the bonds of the State sold in Europe to raise that fund ; the further sum of ten thousand eight hundred and ninety-nine dollars, thirty-five cents, (10,899 35) was paid for interest on the State stock issued to raise the second million ; the further sum of twenty-eight thousand six hundred and fifty-seven dollars and thirty-three cents, (28,657 33,) was reserved to cover the bad and doubtful debts which, contracted through several years past, have been suspended in hopes of payment ; and one hundred and ten thousand dollars (\$110,000) have been transferred to the credit of the Sinking Fund. The usual tabular statements accompany this report, showing in detail the operations of the Bank, and its branches at Columbia and Camden, and the condition of the several funds under its charge. There are also some other tables and statements presented herewith, intended to illustrate such views as the Board have thought it their duty to submit, and which they will refer to more particularly in the course of this Report.

The diminished income derived from the operations of the Bank during the past year, as compared with other years, as well as considerations bearing upon its future usefulness and ability to fulfill the expectations of the State in redeeming the public debt, make it our duty to submit some explanations of the circumstances and causes which have influenced and produced this result. Of these causes, several were sufficiently powerful, singly, to have diminished considerably the profits of the year ; and coming, as they have done, altogether, at a time the most unpropitious for the Bank that could have happened, it is a source of pride to those who know the difficulties which surrounded us on all sides, that we have been able, not only to sustain the payments of specie, but at the same time, to meet and discharge every obligation of the State, maintain its honor and credit, and turn over, to the public use, a moderate dividend. Not a single bad debt has been contracted, while a large amount of those which had gradually accumulated in the course of previous years, have been carried to profit and loss. The severity of the tests applied during the past year, evince the soundness of the Bank, and will, we trust, be taken as evidence, that the confidence the State has reposed in it, has not been misplaced. When it is remembered that the available means of the institution have been decreased nearly one million and a quarter of dollars for this year, as compared with the past, combined with other causes which will be explained hereafter, it will be seen that the result of the year's business has been quite as favorable as we had a right to expect.

For many years the commercial world has not known a period of greater

difficulty than that just past. At no time has the scarcity of money, and the derangement of exchanges and commerce, been greater than during the earlier part of it. We have not been exempt from the common lot, but have had our full share of suffering. At the beginning of this fiscal year, the circulation of our Banks was barely more than one-half of what it was in 1837; and before its close it had been so much more reduced, that probably not more than one-third of what was the circulation in 1837, was left for the trade and business of the people.

The effects of this state of things on our profits has been obviously unpropitious, in disabling our debtors to meet their engagements with punctuality. The depressed state of trade, and scarcity of money in our foreign markets, had already brought down the prices of our staple to a very low standard, but this contraction of the circulation, so great in amount, and so rapid in its perpetration, by reducing not only these prices still lower, but the value of all kinds of property, added greatly to the pressure and distress. Payments into the Bank were made with difficulty by most of its debtors, and in too many instances we have been unable to procure any.

It was in this state of things, the public debt of eight hundred thousand dollars of six per cent stock, issued under the act of 20th December, 1820, became due, the redemption of which was charged upon the sinking fund. The payment was promptly met; and during the month of January last, as presented, the whole of the Stock except \$1,204,04 not presented, was redeemed. The payment of so large an amount from the Bank could not be made at any period without causing a great contraction in its business, and inconvenience to the community; but at this time, it bore with peculiar hardship on the debtors of the institution. The Board of Directors, fully alive to the necessity of preserving the honor of the State, resolutely enforced sufficient collections to meet this and other demands which were accumulating with a fearful and concentrated power on the Bank. The demand for specie had been unintermittingly kept up upon the institution from August, 1839—in one year from that day, \$391,000 had been drawn from our Bank. Unaided, after the suspension of 1839, in sustaining specie payments, except by the Bank of Charleston, the current was turned heavily upon us. Our bills of all denominations, even to the one's and two's, issued to accommodate the community with change, were collected and the specie drawn for them. The extent of these demands upon us will appear when we state that we redeemed of our circulation, with specie, from 30th Sept., 1839, to 1st of Oct., 1840, \$288,000.

It will be seen by referring to the table marked I, that the individual deposits were about the same time greatly reduced, being drawn out at the very moment that the Bank was hardest pressed. The monthly average of the deposits for the four last fiscal years, were as follows:

1st Oct. 1836, to 1st Oct. 1837, monthly average,-----	\$679,000
“ 1837, “ 1838, “ “-----	618,250
“ 1838, “ 1839, “ “-----	502,500
“ 1839, “ 1840, “ “-----	338,000

During the same period the payments on the fire loans were excessively heavy, being two hundred and seventy-six thousand four hundred and forty dollars, (\$276,440,) and the payments of interest on the public debt amounted to the further sum of \$91,455 55. The Bank was also in advance at one time, one hundred and twenty-one thousand two hundred and sixteen

dollars twenty-three cents (\$121,216 23) to the public Treasury, for money drawn out during the most trying and difficult period of the year.

Between the 30th day of September, 1839, and the 1st October, 1840, the Bank met and discharged the following liabilities for the State and itself:

Of Six per Cent Stock of 1820.....	\$798,795 96
Interest on Public Debt.....	91,455 55
Fourth Instalment on L. O. & C. R. R. Co. for State.....	50,000 00
Fourth, Fifth and Sixth Instalments on Stock held by Bank.....	7,500 00
For interest and expenses on the loan for rebuilding Charleston,.....	62,886 44
To borrowers on the Fire Loans.....	276,440 00
To individual depositors.....	100,000 00
Specie in redeeming its bills,.....	288 000 00

\$1,675,977 95

During the year, the Bank received, by the exchange of 6 per cents. of the fire loan stock, for six per cents. of 1820 \$236,000, and a further amount of \$141,151 10 by the sales of other certificates of the same stock, making in all.....

427,151 10

Leaving a total paid out, by the Bank, beyond what was thus received, and a diminution of its available means in the year's business, of.....

\$1,237,926 85

The exchanges of the Fire Loan Sixes for those of 1820, took place at the first of the year, and the sales of the remainder were made, in most cases, in the latter part of it so that near, \$1,200,000 of the foregoing transactions, were between the 1st October, 1839, and the 1st June, 1840, embracing the active season of our business.

It was during the severest season of this pressure, caused by these exhausting demands, that the funds of the Treasury gave out, and the whole burthen of sustaining the State Government devolved upon the Bank. By this event, we were deprived of the use of a large amount of ready money, averaging for the four first months of this year, nearly one hundred thousand dollars (\$100,000.) The consequence was very unfortunate for the Bank; it lost the income of this fund during the most profitable season of the year, and not only so, but by its abstraction, was exposed to the loss of nearly an equal amount of its specie, which cost us a considerable sum to replace. To explain this more clearly, let it be borne in mind that the only paper in actual circulation, was that of the suspended Banks. All payments into the Bank of the State and all the ordinary transactions around, were made in that paper. The bills of the Bank of the State were a commodity sold at a premium of 3 per cent., as equivalent to specie. All payments were therefore made from the Bank as far as possible, in other bills than its own, but when these were exhausted, its own bills were necessarily paid to the public or Bank creditor. Under the exhausting payments before stated, this occurred occasionally, and the bills invariably were returned upon us to be redeemed in specie. If the Bank had been left in possession of this large amount of its own funds, they would have been employed in providing exchanges, which would have been received in lieu of specie, or readily converted into it; and while the operation would have rendered important aid to trade and business generally, a profit would have

been realized, and the expense necessarily incurred in replacing the specie drawn out, saved to the Bank. On the other hand, in consequence of its abstraction, we were compelled to press our debtors still more, staggering as they were under burthens almost insupportable, for the means to discharge the Treasury checks. The effect may be judged by the simple fact which is exhibited in the table of our discounts marked K. and L. by which it will be seen that we had called in and reduced the discount line of the parent Bank, between the 1st. of October and the 1st of April, from \$1,526,459, to \$1,037,824, or the enormous amount of \$428,635, in six months. These heavy curtailments fell chiefly on the commercial community of Charleston. At the Branches the same system was carried out as far as possible—they were called upon to contribute their shares to the same purpose; and from October to May, their discounts were contracted one hundred and sixty four thousand seven hundred and thirty-one dollars sixty cents.

We cannot permit the present occasion to pass by without earnestly calling the attention of the Legislature to the consequences of a continuance of this system of throwing the burthens and expenses of the State on the funds of the Bank. The State is indebted for the following stocks redeemable as follows:

5 per cents. of 1832, redeemable in January, 1842,	.....	\$200,000	00
5 " " " 1824, " " " 1845,	.....	250,000	00
5 " " " 1826, " " " 1846,	.....	300,000	00
6 " " " 1839, " " " 1848,	.....	200,000	00
6 " " " 1839, " " " 1850,	.....	200,000	00
6 " " " 1826, Mrs. Randolph, " 1850,	.....	10,000	00
6 " " " 1839, redeemable in " 1852,	.....	200,000	00
5 " " " 1838, " " July, 1858,	.....	517,777	78
5 " " " 1838, " " " 1868,	.....	517,777	78
6 " " " 1838, " 1st January, 1860,	.....	482,222	22
6 " " " 1838, " " " 1870,	.....	482,222	22
		<b>\$3,360,000</b>	<b>00</b>

To redeem this heavy debt, the Legislature has, by successive acts, pledged, not only the profits of the Bank, but the capital also. How far prudence may dictate, and good faith require, that the Bank shall be left in possession of her own funds, to make a fair profit for the redemption of these stocks as they may fall due, is respectfully submitted to the consideration of the Legislature. For several years, the expenditures have exceeded the income of the State, and threaten hereafter to absorb the available means of the Bank, at the most important season of business. The balances in the Treasury, for five years, have been as follows:

1st October, 1836, balance in Treasury was	.....	\$382,124	62
" " 1837, " " " "	.....	296,049	03
" " 1838, " " " "	.....	172,913	88
" " 1839, " " " "	.....	113,087	68
" " 1840, " " " "	.....	62,426	16

On the 1st October, 1839, the State had \$113,087.68 in the Treasury, and before the end of December, it was in debt to the Bank \$23,442.41. On the 1st October, 1840, there was only \$62,426.16 in the Treasury, while there were undrawn appropriations to the amount of \$68,893.20 to be met, besides all the necessary expenses of the State, until the taxes are

paid in on the 1st June, 1841. These expenses, if no appropriation for other purposes are made at the present session, will require upwards of \$200,000 more before the 1st of June, 1841; all of which may be drawn out of the Bank. This steady increase of expenditures over the income, and its corresponding encroachment on the funds of the Bank, if persisted in, will inevitably endanger its ability to meet, from its profits, the several engagements for which the honor and faith of the State stand solemnly pledged, and which the people expect the Bank to redeem; and in consequence its capital must be taken, or the faith and honor of the State broken. On the other hand, if the integrity of its funds is preserved, and its means and resources left to it, besides redeeming from its profits all the debts of the State for which it stands pledged, it will, it is confidently believed, be able to carry into effect the objects for which it was instituted, giving a wholesome and safe support to the great interests of the State.

The matters above submitted for your consideration, are every day acquiring additional weight, from the unsettled state of the money market, and the deranged condition of trade. Whilst specie payments are not resumed generally in our own country, and especially in Georgia, disturbing causes of great magnitude are agitating every country with which our commercial connexions are of any importance, and admonish us of the necessity of great prudence in the management of our affairs. The hostile attitude of the powers of Europe towards each other, and the large shipments of specie in that direction, should neither be unheeded nor the possible consequences overlooked. Should a general war ensue amongst them, we may look for an increased drain of our specie, and a diminished demand for our cottons. The extent of either, we may not be able to foresee, but the effect, it can scarcely be doubted, will be to produce a greater pressure on, and more distress amongst, those who are in debt. If such a condition of affairs should unhappily come upon us, we shall be in a crisis, not unlike that in which this institution was created for the aid of the community, and if it is desirable that it should be in a condition, should such an event occur, to afford similar assistance to the people, great care is necessary not to lessen its means nor to impair its resources. After the extraordinary exertions of the last year, and the payment of such heavy sums from its coffers, some time and rest are necessary, to get it again in the command of active means sufficient for the full and vigorous prosecution of all its duties.

#### BONDS AND MORTGAGES.

In the annual statement of the Bank, it will be seen that the present amount of the bonds secured by mortgages, has been decreased since the last annual report. The payments in this department of our business have been small, compared with those on notes. This debt is chiefly owed by the planters. In some instances, the rice crop has been an entire failure, and in others, it has been very short. The cotton crop was large, but its abundance created heavy charges in preparing it for, and getting it to, markets which were already overstocked, and, in consequence, the prices realized have been very inadequate returns for the labor and capital employed in its production. A very small amount was consequently received from this source on their bonds. The condition of the Bank, at the same time, prevented any increase of loans in this way, as it must continue to do, while its situation remains as it is at present, and its funds are diverted from their legitimate functions.

## SINKING FUND.

Letter E is a report which exhibits the present amount and condition of the sinking fund. The large increase to it now exhibited, is occasioned by the transfer of \$600,000 of the surplus revenue, appropriated formerly for the subscription of the State to the Louisville, Cincinnati and Charleston Rail Road, and which has been so transferred by virtue of the Act of the last session, providing for an advance by the State to that Company, of \$600,000 of State Stock in lieu of instalments to be paid out of this fund.

## FIRE LOANS.

Letters G and H, contain the annual report of the fire loan fund, as required by the Act of June 1st. 1838. It will be observed that the whole amount of the interest received on these bonds is only thirty-two thousand nine hundred and seventy dollars and nine cents, (\$32,970 09) while the interest paid for it in Europe, for the same time, is fifty-eight thousand one hundred and ninety-three dollars ninety-nine cents, (\$58,193 99) which, with one quarter's interest paid last year, and other expenses, exhibits a balance on its interest, and expense account, of fifty-three thousand one hundred and ninety dollars and ten cents, (\$53,190 10) which the Bank is in advance for. The arrears of interest due, and daily becoming due, on the loans, will, in due time, extinguish this balance.

The Act of 21st December, 1839, extending the time within which applications might be made, for the benefit of loans, until the 1st June, 1841, contained no provision requiring the guaranty of the city of Charleston. There were also some other classes of cases which the Board thought were not covered by the guarantee already given, but which came within the spirit of the law. Upon calling the attention of the City Council to these cases, and requesting that body to remove all doubt on the subject, by either including all these cases in the guarantee already given, or refusing to do so, an ordinance was promptly passed on the 11th May, by which the same security is given in every case of loans made, or to be made, under the several Acts on this subject.

The bonds of the State which were in the hands of Messrs. Baring, Brothers & Co. in London, for sale, amounting to two hundred and seventeen thousand five hundred pounds sterling (£217,500) and which President Rose informed the Legislature, in the last annual report, had been recalled, have all been received at the Bank, and, in the presence of the Comptroller General, destroyed. Finding no purchasers for the State stock issued in lieu thereof, except in small sums, which were sold at par, the Board determined to close that account by charging the Bank with the remaining stock. That fund is now credited with the whole amount of the two millions, and the Bank charged with the stock then unsold.

In directing your attention to the considerable sums of money vested in these loans, and the great amount of property bound for its repayment, it may be well to have in view, at an early day, such measures as may give the greatest market value to the property mortgaged. If compelled to sell, the whole power of deciding that measure is with this Board. The title to the property is changed by its decree, and it is respectfully suggested, whether an additional price would not be readily given by a purchaser if assured of immediate possession, and whether some proceeding analagous to that provided for in the Act of 1817, between landlord and tenant, might not be advantageously enacted for that purpose.



Some legislative provision is necessary to regulate the transfers of this stock, from one purchaser to another. Other State stocks are transferred at the treasury, but as every thing else relating to this fund is transacted through the Bank, it would preserve the unity of the proceedings, and add but little to the duties of its officers, to have this done at the same place, the transfers being signed by the President and countersigned by the Cashier.

### SIGNING BILLS.

In December, 1818, an Act passed the Legislature, authorizing the President and Directors of the Branches of this Bank, under such regulations as might be prescribed by this Board, to sign small bills for circulation. This Act was repealed in December, 1837, and the duty temporarily transferred to a clerk. The time limited has expired; and it is respectfully submitted to the Legislature, that a new provision shall be enacted, authorizing this Board to have such bills, of and under the denomination of ten dollars, signed by the Presidents and Cashiers of the Branches, or by a clerk, as they may deem advisable, under such regulations as they may prescribe. The propriety of this recommendation will be apparent, if the following circumstances are considered. In his report of 1st October, 1837, President Colcock, in recommending that this duty should be devolved on a clerk, makes the following remark:—"but the business of the Bank has, of late years, been so much increased, that the President and Cashier are at a 1 times fully occupied in business of much greater importance than signing these small bills." These duties have been greatly increased since then; and it may be safely said, that at this time, they are twice as great as they were ten years ago. The increase of capital and business by the fire loans, the supervision and management of the several funds under the charge of the Bank, the various and multiplied questions and matters which are hourly arising out of them, and the connexions and correspondents they have created, foreign and domestic, leave but little time to bestow on a duty which is merely mechanical, and can be as well and as safely performed by others, who have greatly more time and leisure for it. During the past year, this Board has counted and destroyed (\$301,650) eight hundred and one thousand six hundred and fifty dollars, of the old issues, and an entirely new issue of bills will be made as soon as practicable, which will render the provision asked for very desirable.

### AGENCIES.

By the 12th section of "An Act concerning the Bank of the State of South Carolina," passed December 17th 1831, authority was given to this Board to establish an agency at New York. This power has been acted upon, and the benefit arising from it in promoting the business of the Bank, has been found so decided, that it has been deemed expedient to ask for a general power to establish similar agencies wherever the interests of the Bank may require them and its means permit. The advantages of such connexions are often very great in regulating exchanges, and promoting a sound state of trade.

### RESOLUTION ON THE CURRENCY.

On the 19th December, 1838, the Legislature passed the following resolution.

*Resolved*, That the President and Directors of the Bank of the State of South Carolina be authorized and requested to take such measures as, in their judgment, may be deemed proper, to preserve at par, throughout the State, the bills which may be issued by any Bank within its limits."

While this continues the will of the Legislature, the Bank considers itself bound, under instructions, to carry this resolution into effect as far as practicable; but at the same time, this Board is fully of opinion, that in the late and present condition of its affairs, its power is not adequate to the task, if unaided by other institutions near it. Indeed, if there be not some radical change in the future fiscal action of the State, which will relieve it of exhaustion from the Treasury during the business season, it will require all its resources to preserve itself, and be without means to carry out this policy. If it is intended ever to resort to the circulation of our own notes again, for profit or public convenience, such a measure is indispensable to give them currency. From our circulation as a legitimate source of income, the Bank has, in former years, made large profits. These were the profits of the people, and passed into their Treasury to pay their debts. In the present condition of things, however, this source is nearly cut off, and has sunk to nothing comparatively. In the years 1833-4-5 and 6, this Bank kept, upon an average, over \$1,200,000 of its own bills, in actual circulation—which enabled it to give great accommodation to the people, and carry large profits to the sinking fund—but recent events have contracted and driven this circulation back on the Bank, until it now amounts to only \$453,480, and was, in June, as low as \$339,000. This has, no doubt, resulted, to a considerable extent, from general causes, arising out of commercial embarrassments, and great changes which have taken place in regard to business generally, especially the business of banking. It is clear that two Bank issues of different values cannot have equal circulation in the same community; but, if that which has the lesser value has still sufficient credit to be received at its nominal par in payment of debts, and for ordinary business transactions, it will supplant and drive the other out of circulation. There are now two such Bank issues which are offering for the circulation in the country; the one emanating from the Banks which redeem their bills at the centre of the trade and business of the State, and the other from the Banks that do not so redeem their bills. Charleston is the point where the business of the State concentrates. Here its produce is sold, and here its merchandize is purchased. Large amounts of money are necessarily due here from the country, and must be remitted in produce or money. If the latter is remitted, it will not be in the bills of the Banks which are below par, for that is a certain loss, but they will be kept and paid out again from hand to hand, while the bills of such as redeem here, will be taken from the circulation, and sent back as remittances, upon the Banks which issue them. The bills of this Bank have at all times had, throughout the State, the highest value, and have, consequently, been eagerly sought after for remittance, and constantly sent back upon us. In such a state of things, it is next to impossible to force them into general circulation, and this Bank will not only be cut off from a valuable source of fair profit, but be crippled in its means of giving that aid and accommodation to the people which was one of the great objects had in view at the creation of the institution.

Recently, the South-western Rail-Road Bank, the Bank of Charleston, and the Planters' and Mechanics' Bank, seeing the necessity of a reform, and the propriety of providing for the maintenance of a sound and stable currency of equal value in all parts of the State, have, upon consultation, entered into an agreement by which it is believed a remedy will be provided, and the proper corrective applied. Having proposed to this Bank to co-operate with them, under the instructions of the resolution before recited, and the views which we have submitted, and others which might be adduced, this Board did not feel at liberty to withhold their concurrence. As long as they continue to act in concert with us on the basis agreed upon, the end proposed by the Legislature will be attained. But all such agreements, being voluntary, may be rescinded in a day, and it is unsafe to rely on them as permanent regulations. If the Legislature adheres to the policy of that resolution, and intends that this Bank shall carry it out, it should be careful not to cripple its operations, and to preserve its resources and powers equal to the great duty which it imposes. At the same time, if some general regulation could be enacted, by which no Bank should pay out any bills but its own, it is believed it would promote the object in view, introduce a wholesome reform in Banking, by which each Bank would have to contribute, in proportion to its capital and business, to the furnishing and preserving a wholesome, sound, and stable currency; and the public have the most perfect security possible against future suspensions of specie payments, and the fluctuations in the value of bank paper, and for its certain convertibility and redemption.

Your attention is again respectfully called to the debt of the Columbia Female Academy, released by the Legislature in Dec., 1838. The principal of that debt was two thousand eight hundred and sixty-one dollars, eighty-nine cents, as reported by President Colcock, to your honorable body, in Dec., 1834 and 1835. This sum has been, by an act of the Legislature, taken from the capital of the Bank, and should be either replaced, or that amount be credited by the Comptroller General, and taken from the capital charged against it.

In the administration of its affairs during the past year, the Board have been governed by an earnest desire to carry out the objects for which it is believed the Bank was created by the State, viz.: to promote the convenience and advance the prosperity of its citizens. Believing that gains, in the shape of dividends, was but a secondary consideration, they have not hesitated to submit to smaller profits in a year of peculiar hardship and suffering, for more substantial public good. While they could not foster enterprise, nor aid industry, by loans, they have been careful to destroy no one; but as far as was compatible with the public exigencies, and the safety of their debts, have extended every forbearance, practicable to those of their debtors who, from accident, misfortune, or the casualties of the season, have been disabled for a time, from meeting their obligations as they fell due. Although three per cent. below the par of our own, the bills of the suspended banks were received at our counter, because their refusal would have added materially to the embarrassments of the community; and, during the suspensions, for the same reason, the issues of our one and two dollar bills was continued, although they were habitually collected and returned upon us for specie. With a like view, when the period approached for the payment of the taxes, which were required in specie, or the bills of specie-paying banks, we felt bound to make an effort to put our

bills within reach of the people of the country. Small amounts of them were let out at Columbia, under the promise that they should be kept, and paid in for taxes; and it was not until the almost immediate return of these bills for specie, frequently in the very packages in which they left our vaults, demonstrated the insufficiency of such precautions, and the impracticability of carrying our experiment into successful operation, that the effort was abandoned.

All of which is respectfully submitted.

F. H. ELMORE, *President*  
*Bank of the State of South Carolina.*

Nov. 16, 1840.

Annual Statement of the Bank of the State of South Carolina.				Cr.	
To Capital				\$3,051,859 81	
" Bank Notes issued,	\$640,000 00	\$1,155,318 48	By Bills and Notes Discounted,	380,908 74	\$2,352,768 54
" Do. do. at Columbia,	30,000 00		" Bills, Notes, and Bonds in suit,		670,991 94
" Do. do. under \$1,	86,550 00	756,750 00	" Bonds secured by Mortgages,		932,860 00
" State Treasurer for Sinking Fund for			Do. under the Act for rebuilding the		30,896 10
redemption of 5 and 6 per cent. Stock,	709,228 97		City of Charleston,		
and for the payment of interest thereon			" Judgments,		
" Discount and interest received and			" Hamburg Agency,	6,053 58	
transferred to Sinking Fund,	110,000 00	849,228 97	" Georgetown do.,	7,975 26	
" State of South Carolina for Loan un-			" Bank of Charleston Stock,	147,000 00	
der the Act for re-building the City of	2,000,000 00		" State Three per Cent. Stock,	30,263 25	
Charleston,			" Do. Five per Cent. do.,	88,880 19	
" State Treasurer for Surplus Revenue	200,000 00	2,200,000 00	" Do. Six per Cent. do.,	531,596 07	
deposited by the United States,	49,417 86		" Bank of United States, do.,	9,184 00	
" State Treasury, Charleston,	13,083 34		" Commercial Bank, do.,	466 24	
" Do. Columbia,			" South-Western Rail Road Bank Stock,	12,500 00	
" Drafts in transit,		62,501 16	" Lou. Cinclin. & Char. Rail Road do.,	25,800 00	
" Individual Deposits,		5,953 11	" Lou. Cinclin. & Char. Rail Road Bonds,	27,444 44	873,256 11
		480,057 44	" Bank Estate	62,551 44	
			" Real do.	4,678 33	
			" Merchants' Bank, New York,		67,228 77
			" Interest and Expenses on State Loan,		24,736 50
			CASH:		53,690 10
			" Specie,	159,518 10	
			" Bank Notes of this Bank,	303,270 00	
			Do. do. of other Banks,	47,630 00	
					\$10,418 10
					\$5,480,809 16

CHARLESTON, October 1, 1840.

CHARLES M. FURMAN, *Cashier.*

(1841.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South-Carolina respectfully report :

That the operations of the Bank, from the 30th of September, 1840, to the 1st October, 1841, have produced a profit of two hundred and thirty-six thousand nine hundred and seventeen dollars sixty-four cents. (\$236,917 64.)

Of this, there has been paid for interest on the Bonds for the Fire Loan held in Europe.	\$57,252 60
For interest on the Stock sold for the second Million Fire Loan.	49,608 53
Carried to profit and loss, on old debts at Parent Bank.	7,002 49
Carried to profit and loss, to cover sundry old debts lost at the Columbia Branch, from 1816 to 1833.	17,044 22
Transferred to Sinking Fund.	106,000 00
	<hr/> \$236,917 64

We would here remark, in justice to the President and Directors of the Columbia Branch, and their immediate predecessors, that the foregoing sum of seventeen thousand and forty-four dollars and twenty-two cents, (\$17,044 22,) now carried to profit and loss from their Books, is the accumulation of cases from 1816 to 1833, old debts, known to be bad and lost for many years, as will appear by a Report of the Committee of Investigation, made in 1839, and published at pages 169-70, in the collection of documents relating to the Bank, just printed under direction of the President, by order of your honorable body.

The past year has again been one of great pressure and monied difficulty. The crop, in most parts of the State, was a short one, and in some, it proved a total failure. The country had not yet recovered from the sudden and unexampled prostration that followed that period of extravagant prices, and unbounded credit, which had seduced so many, even of the most prudent, into contracts and undertakings beyond their means, reduced by the sudden revulsion, to meet and discharge. And although, immediately upon the change in their condition, with a resolution beyond former example, the people prepared themselves to meet the exigency, by vigorous industry and retrenchment; yet, the evil was of too great magnitude, to be easily or soon remedied. Years of patient labor and rigid economy alone, aided by a judicious forbearance on the part of their creditors, could bring the remedy, and enable very many of the best of our citizens to retrieve their affairs, and meet their engagements. This virtuous and honorable course is, as fast as the state of the times will permit, working its natural consequences, and the country, under it, is slowly, but surely, recovering from its difficulties; and freeing itself from debt. The business which passes through this Institution furnishes evidence that the pressure has not been as great in the present, as the last season, while it has been equally evident, that with a manifest disposition on the part of the debtors to pay,

their ability has been greatly limited by the short crops, and the very low prices of most of our agricultural productions. But there are indications which can hardly mislead us, that induce us confidently to expect an improved state of affairs for the ensuing year, and to calculate on considerable increase of profits upon its business.

The spirit of inquiry which has arisen in regard to Banks, and been especially directed towards the Bank of the State, has induced this Board to spread all the information in their power before the Legislature, and through it, before the people; and in addition to the usual exhibits of the Report of this, and that made to your honorable body last year, and to the mass of important documents published under your instructions by the President of this Board, they have caused to be prepared from the Books, a tabular statement of the fiscal action of this Bank, from its foundation to the present day. To that table, exhibiting on its face, at one glance, the essential features of its operations and their results, your attention is especially invited.\* It will be seen from it, and the reports made to the Legislature, from year to year, what has been the policy which has always governed its administration, and under which, while incalculable benefits have been conferred on the people, still more striking advantages have resulted to the State, in a fiscal point of view. It will be borne in mind, that the Bank was chartered in 1812, after the country had undergone intense sufferings from the embargo, and the war just begun with Great Britain. It was chartered upon a petition from the people, for some measure of aid and relief: in responding to which the Legislature set forth, in the preamble to the charter, that it was "deemed expedient and beneficial both to the State and the citizens thereof, to establish a Bank, on the funds of the State, for the purpose of discounting paper and making loans for longer periods than have heretofore been customary, and on security different from what has hitherto been required."

The policy thus indicated was more distinctly developed in the enactments of the Charter; and under the beneficent administration of its venerable founder, and most able President, Mr. Stephen Elliott, that policy assumed its distinct form: Under each succeeding administration it has remained the same in principle, receiving modifications to suit the changes of times and circumstances. No task could be more grateful, than to trace out, in all their beneficent results, the operations of this institution; but the time and the occasion will only allow us to glance at them, leaving it to others who may be so inclined, to pursue the developement. Important as was its aid to the commerce of the State, it was upon its agricultural and mechanic interests that the most beneficial influence was manifested. To these it has at all times given a steady and efficient support, enabling them to overcome difficulties incident to their pursuits, which, without this assistance, would have been insuperable. Some it has assisted in critical periods of their affairs, to carry on their business, and others, to accomplish what added greatly to their own fortunes, and to the resources of the commonwealth. Many it has rescued from needy and merciless creditors, and enabled, by timely assistance, to work through impending ruin. It has saved to the State many useful citizens, who, without its aid, would have been broken up and compelled to emigrate. It has kept within our own limits thousands of slaves to improve our lands, increase our wealth and pay taxes for the support of the State. And while it has stimulated agriculture, supported trade, and sustained industry, in all its branches, and, in in-

\* See this table in Report of 1847.

stances without number, shown the tenderest care for the welfare of the citizen, its history is not stained by a single instance of vindictiveness or oppression. But, proud as are these trophies for its character, they are not more striking in their speculative bearing, than are those which have resulted to the State in connection with her finances. Before the charter of this Bank, the funds of the State were either invested in Bank Stocks and Stocks of the United States, or were in the Treasury. Those invested in Stocks, brought a moderate income to the State, and those in the Treasury were unproductive, and not always secure. Since the charter of this Institution, it has been the great fiscal agent through which the transactions of the Treasury have passed. It has kept the funds and disbursed them, without charge and without the loss of a cent. Those which were in Bank and other Stocks, and the balances in the Treasury of several years, were consolidated into a capital for this Bank. In their employment as such, while they have dispensed upon the people the benefits before enumerated, and borne the expenses of the parent Bank and the Branches, they have, from their profits, paid for the State the following amounts, viz :

Into the State Treasury,.....	\$592,001 29
Interest on State Stocks and Bonds,.....	1,644,682 33
State Six Per Cent. Stocks, 1820,.....	800,000 00
And have remaining in Sinking Fund,.....	198,206 22
<hr/>	
Showing a profit, from 1814 to 1841, of.....	\$3,234,889 84
The Interest on the Capital given to the Bank, for the same time is.....	2,047,008 90
<hr/>	

Showing an excess of profits, over seven per cent. on the Capital, of.....\$1,187,880 74

But as the State has deposited in the Bank other funds which have been used in its operations, a full allowance of interest may be charged on them. In this estimate, the Sinking Fund is not included, (except that part derived from the Surplus Revenue,) as that did not come from the State, but from our own profits. The account will then be thus stated :

If from the profits of the Bank.....	\$3,224,889 84
we deduct interest on Capital,.....	\$2,047,008 90
Interest on Surplus Revenue,.....	328,221 10.
And interest on Fire Loan,.....	181,250 86
<hr/>	
	2,556,480 86
<hr/>	

The nett gain of the Bank, over seven per cent., for the State, is.....\$678,408 98

And if, again, to the interest above charged, a charge be added for interest on the Sinking Fund, taking it as of the 1st of April of each year, which is taken as the fairest amount to charge interest on, (that being the day of paying the semi-annual dividends of interest on the public debt,) the account will stand thus :

Profits of the Bank,.....	\$3,234,889 84
Interest on Capital, Surplus Revenue, and	
Fire Loan,.....	\$2,556,480 86
Interest on Sinking Fund, (its own profits.)	485,524 41
<hr/>	
	3,042,005 27
<hr/>	



Making the balance of profits, over seven per cent. on all these funds, the sum of..... \$192,884 57

But to give an accurate idea of the actual state of this account between the Bank and the State on the 1st October, 1841, we should state that, in addition to these profits, thus already declared and set apart to the public use, there are other items which may be fairly claimed, viz.:

Loss of notes issued, at least.....	\$120,000 00
Arrears of interest on Fire Loan Bonds, accrued, but not due—on bonds, and notes, and judgments, which are unquestionably good, about.....	70,000 00
To which may be added the debt of the Columbia Female Academy, released by the Legislature in 1833, with interest,	3,867 78
Interest on General Sumter's debt,.....	9,625 00

\$203,512 78

From these sources we may safely count on enough, full four times over, to make good every bad or doubtful debt, and to leave to the Bank its whole capital untouched.

This table also exhibits the fluctuations which have occurred in the circulation of our Bills, in a striking and instructive point of view. Without the aid of a considerable circulation of its own, the profits will necessarily diminish, and may at length contract its business to the mere loaning its own capital; from the profits of which must be borne all losses incident to banking, and all the expense of conducting its business. It will be seen, by reference to the table, that in the earlier periods of its existence, the bills actually circulating were more in amount than the capital of the Bank, and that they did not fall much below it, until the chartering of the present number of Banks, gave to them the means of taking from it a large portion of the circulation and its profits. Even that competition, however, would not keep down our circulation to the small amount it now maintains, if it were properly divided and regulated. Wherever Bank paper has different values, that having the highest is driven out, and that which maintains the lesser will keep the circulation. The place of test is the place of settlement, and as Charleston is that point for the whole State, the notes of those Banks which are not at par there, will keep the circulation and drive ours home. To such an extent has this law of trade operated on us, that in June, 1840, our circulation, with an operative capital of more than \$2,500,000, was reduced to \$339,000; charging against us all the notes we have ever issued from the commencement of our operations. If from these, a reasonable allowance is made for those lost and destroyed, the actual amount in circulation did not probably exceed \$200,000, or one dollar for every twelve and a half of capital. It is not perhaps desirable, that our issues should ever rise as high as they have been; but a fair proportion of the circulation of the State, and of the profits derived from such a source, is the due and right of the people, who own the Bank, and pay the expenses of a paper circulation. In our Report of the last year, we submitted some views on this subject, in remarking on the Resolution of the Legislature of 19th December, 1838, which "authorized and requested this Board to take such measures, as in their judgment may be deemed proper, to preserve at par, throughout the State, the Bills which may be issued by any Bank within its limits." No cause has been seen to change any of those views, but every day has strengthened the convictions then expressed. We then stated our inability, single-handed, to do the will of

the Legislature; and we informed you at the same time, that by a voluntary arrangement of the Bank of Charleston, the Planter's and Mechanic's, and South-Western Rail Road Banks, measures were taking which would, for the time they subsisted, effect that end. But we then stated that "all such arrangements being voluntary, may be rescinded in a day, and it is unsafe to rely on them as permanent regulations." The event justified the remark, as the agreement was dissolved shortly after, and the whole matter is in the same condition it was when the Resolution of 1838 was passed. We have now to repeat, that the measure which appears to us to promise the best corrective, (and whether that is within the power of the Legislature is not within our province to decide,) would be some regulation by law, "that no Bank should pay out any Bills but its own; which it is believed would promote the objects in view, introduce a wholesome reform in banking, by which each Bank would have to contribute, in proportion to its capital and business, to the furnishing and preserving a wholesome, sound, and stable currency; and the public have the most perfect security possible, against future suspensions of specie payments, the fluctuations in the value of bank paper, and for its certain convertibility and redemption."

The collection of the debts due to the Bank and its branches is becoming every day a more important subject of consideration. The present system is one of great inconvenience and risk. The debtors are scattered over all parts of the State, and when a note, or other cause of action, is sent to suit, it in a great measure is lost sight of, especially if the party defendant lives in a remote district. If the principle which was recognized in the Charter, in the 4th Rule of the 1st section, viz: that every application for a loan should be accompanied by a power of attorney to confess judgment, in case of failure to pay, was so modified as to allow suit to be brought in the Court of the district in which the contract is made or matures, under such regulations as will protect parties from injustice, it would enable the Bank, by books properly kept, and a system of regulations with the collecting officers, properly digested, to have at all times a perfect knowledge of the actual condition of their cases, and a perfect control over them. We would also further suggest, that when property is to be sold by any Sheriff, on which the Bank has any lien, that he should be required to give notice of the fact to the parent Bank, or the Branch to which the lien appertains. We have been liable, and are still liable, to great losses, from the non-existence of such a regulation.

By the 3d clause of the "Act to amend the Charter of the Bank of the State of South Carolina," passed the 18th day of December, 1840, the President and Directors were directed to restore to its capital, the sum of \$2,861 89, the amount of a debt released to the Columbia Female Academy, by the Legislature, in December, 1833. As that sum was in fact, taken out of the profits which belonged to the Sinking Fund, and was as a part of it pledged to the public creditors, it should be paid from the Treasury to that fund, so as to preserve the faith of the State, and to restore to them what is their proper due.

All of which is respectfully submitted.

F. H. ELMORE, *President.*

**A.**  
**Annual Statement of the Bank of the State of South Carolina,**

Dr.		Cr.	
To Capital.....		By Bills and Notes discounted.....	\$3,244,675 30
" Bank notes issued.....	\$771,620 00	" do. do. in suit.....	320,663 26
" do do in change.....	84,060 00	" Bonds secured by Mortgages.....	701,163 31
" do do at Columbia.....	30,300 00	" do do. under the Act rebuild- ing the City of Charleston.....	1,040,569 00
" State Treasurer for Sinking Fund, for redemption 5 and 6 per cent. stocks, and payment of interest, Discount and interest received, and transferred to Sinking Fund,.....	749,628 31	" Hamburg Agency.....	6,063 87
" State Treasurer, for surplus revenue deposited by the U. States with this State.....	106,000 00	" Georgetown do.....	7,511 74
" Ditto, for Loan, under the Act rebuild- ing city of Charleston,.....	200,000 00	" Bank of Charleston. stock.....	147,900 00
" Drafts in transitu,.....	2,000,000 00	" do five do do.....	30,430 98
" Individual deposits.....		" do six do do.....	138,646 70
" State Treasury, Charleston,.....		" Commercial Bank.....	333,796 64
" Do.....		" Bank of the United States do.....	486 25
		" So. Western R. R. Bank do.....	9,184 00
		" do 6 per cent.....	11,623 26
		" Lon. Cin. and Char. R. Road stock.....	2,500 00
		" Do.....	28,893 58
		" Bank estate.....	27,444 44
		" Real estate.....	64,106 08
		" Drafts in transitu,.....	5,473 33
		" Judgments.....	
		" Merchants' Bank, New York.....	69,590 41
		" Int. & Exp. on loan rebuilding City, Baring, Brothers & Co.....	503 00
		" Specie.....	20,826 10
		" Bank Notes of this Bank,.....	37,744 54
		" Do. do. other Banks,.....	50,918 45
			1,890 31
			173,113 06
			331,422 87
			42,378 00
			\$5,668,866 07

**CHARLES M. FURMAN, Cashier.**

CHARLES M. FURMAN, Cashier.

CHARLESTON, October 1, 1841

B.  
Annual Statement of the Bank of the State of South Carolina, 1st October, 1841.

Cr.

Dr.		Cr.
To Capital	\$1,156,318 48	By Bills and Notes discounted..... \$1,023,910 34
" Bank Notes issued.....	\$771,630 00	" do in suit..... 183,790 95
" Do. do. in change.....	84,060 00	" Bonds secured by Mortgages..... 607,683 00
" Do. do. in Columbia.....	30,200 00	" Do do. under Act for re-building City 1,040,569 00
" State Treasury.....	63,579 36	" Specie: Cashier..... 150,158 39
" Do. do. for Sinking Fund.....	743,628 31	" Bank Notes: do..... 267,830 27
" Do. do. for Surplus Revenue.....	200,000 00	" Do do. and Specie, Tellers..... 63,778 29
" Do. Loan for re-building City.....	2,000,000 00	" Columbia Branch Bank..... 769,041 03
" Discount and Interest Account.....		" Camden do. do..... 471,890 48
" Individual Deposits.....		" Hamburg Agency..... 6,082 87
		" Georgetown do..... 7,511 74
		" Bank of Charleston Stock..... 147,900 00
		" State 3 per cent. do..... 30,490 98
		" Do 5 do. do. do..... 198,648 70
		" Do 6 do. do. do..... 332,795 64
		" Commercial Bank do..... 496 26
		" Bank of the United States Stock..... 9,184 00
		" South-Western Rail Road Bank Stock..... 1,623 26
		" Do. do. do. do. 6 pr. c. do..... 2,500 00
		" L. Cin. & Charleston Rail Road Stock..... 28,893 58
		" Do do. do. do. Bonds..... 27,444 44
		" Bank Estate..... 64,108 09
		" Real do..... 5,473 83
		" Judgments.....
		" Merchants' Bank, New York.....
		" Baring, Brothers & Co.....
		" Interest and Expense on State Loan.....
	\$6,599,011 46	\$6,599,011 46

CHARLESTON, 1st October, 1834.

C. M. FURMAN, Cashier.

C. Annual Statement of the Branch of the Bank of the State of South Carolina, at Columbia.			Dr.	Cr.
1841.	1841.	1841.		
Oct. 1.	Oct. 1.	Oct. 1.		
To Amount due Parent Bank.....	\$768,540 03	By Bills and Notes discounted.....		\$798,826 45
" " State Treasury.....	23,248 27	" Bond Account.....		40,491 69
" Discount account.....	37,790 20	" Drafts payable in Charleston.....		700 00
" Interest on Bonds.....	1,795 79	" " Protested.....		11,000 00
" Exchange.....	1,323 30	" Suspense account.....		11,044 22
" Individual Deposits.....	73,014 23	" Cash on hand.....		43,649 46
	\$905,711 82			\$905,711 82

D. Annual Statement of the Branch of the Bank of the State of South Carolina, at Camden.			Dr.	Cr.
1841.	1841.	1841.		
Oct. 1.	Oct. 1.	Oct. 1.		
To Amount due Parent Bank.....	\$472,321 30	By Bills and Notes discounted.....		\$411,211 00
" Discount Account.....	23,879 26	" " " under Protest.....		6,180 00
" Exchange ".....	1,224 41	" " " in suit.....		9,869 00
" Interest ".....	6,098 94	" Judgments.....		28,004 00
" Protest ".....	162 72	" Drafts payable in Charleston.....		5,850 00
" Individual Deposits.....	31,365 33	" Bond Account.....		52,987 62
		" Salaries paid.....		6,000 00
	88,261 79	" Incidental Expenses.....		449 28
		" Cash on hand.....		21,739 52
	\$541,948 42			\$541,948 42



## H.

Dr.		<i>Interest and Expenses on State Loan, under Act for Rebuilding City of Charleston.</i>		Cr.	
1840.					
Oct.		To Balance,	\$53,690 10	By Baring, Brothers & Co. for this Am't of Interest due us from funds in their hands after deducting expenses to 1st January,-----	\$2,886 68
1841.					
Feb. 1		" Baring, Brothers & Co., for Interest and Expenses on £233,000 sterling, at 9½ pr. ct. prem., paid in Jan'y last,	28,631 30	" Cash rec'd of City Council of Charleston for Insurance advanced on Charleston Hotel,-----	500 00
July 22		" Baring, Brothers & Co., for Interest and Expenses on £233,000 in July, at 9½ pr. ct. premium,-----	28,631 30	" Discount account for this Amount transferred for payment of Interest on 6 per cent. Stock,-----	49,608 53
		" Cash paid Board of Commissioners for valuing lands,-----	615 03	" Discount account for Interest received on Bonds for State Loan for Rebuilding City of Charleston,-----	53,561 46
		" Cash paid for Interest on 6 per cent. Stock, issued in Charleston under Act for Rebuilding City of Charleston,-----	49,608 53	" Discount account for this Amount transferred from profits of past year, which is necessary to meet the difference between the Interest received on Fire Loan Bonds and the Interest paid the holders of State Bonds in Europe, transmitted to Messrs. Barings,-----	3,701 14
				" Balance,-----	50,918 45
			\$161,176 26		\$161,176 26
					C. M. FURMAN, <i>Cashier.</i>
					October 1, 1841.

(1842.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That the operations of the Bank of the State of South Carolina, from the 30th of September, 1841, to the 1st of October, 1842, have produced a profit of two hundred and seventeen thousand, three hundred and fifty-four 63-100 dollars,-----\$217,354 63

Of this there has been paid,

For interest on the Fire Loan Bonds

in Europe,----- \$50,000 00

For interest on the stock sold of the Se-

cond Million of Fire Loan----- 60,769 42

Carried to profit and loss,----- 6,585 21

Transferred to Sinking Fund,----- 100,000 00

\$217,354 63

At the beginning of the present fiscal year there were indications that we should have a more active and prosperous condition of commerce, and increased prices for the staple productions of our industry. These prospects, unhappily, have not been realized, and we have passed through another year of trial and difficulty. The prices of our marketable products have ruled exceedingly low; business transactions have been greatly contracted; great difficulty in meeting engagements experienced; and much embarrassment, and even distress, been felt throughout the country. From this condition of depression and embarrassment, the profits of all pursuits have been curtailed, and no class of business has been able to realize the anticipations with which the year was opened. In this condition of contraction, depression, and diminished profits, no pursuit has been more materially affected than the business of Banking.

In addition to the general causes which have conspired to reduce the profits of Banking generally, our's have been diminished for the current year, by the payment of two hundred thousand dollars of the State debt, on the 1st of January last, and by the expense incurred for an entire new issue of our notes for circulation.

It is a fundamental principle in this State, to preserve the circulation of her Banks from taint of suspicion. A currency of bank notes, free from fluctuations, and at all times convertible on demand, into specie, is of the highest consequence. The policy which has always characterized this State in its endeavors to establish and maintain such a currency for its people, is profoundly wise, as it inculcates the only principles of good faith and well directed exertions which must be the basis of all real prosperity. It has been the constant endeavor of this Board to carry out these principles, in accordance with the known wishes of the State. We have much to fear from the fluctuations of Bank issues, leading us at one time, by unjustifiable expansions, into wild speculations, and at another, by sudden and sometimes unnecessary contractions, into the most ruinous derangements of business, and sacrifices of property. An amount of circulation which is measured by, and represents, the real business transactions of the country, which expands only as that business increases, and is contracted only as that business diminishes, is the one which will, in the long run, most effectually promote its true prosperity, and solid improvement. With such a circulation, all pursuits of industry have their natural operation, and are remunerated accordingly; commerce follows regulated channels



for legitimate profit ; and the people, undisturbed by artificial fluctuations, steadily progress in a course of sober, steady and successful prosperity. Over this career, Banks, if judiciously administered, exercise a wholesome influence ; they become the instruments of business, and by the notes they issue, furnish the medium of its transactions, neither exceeding nor falling below what that business requires. The difficulty in procuring that judicious administration is very great, even where the Banks are few, and becomes much greater where these institutions are numerous, when also the danger of their becoming disturbing causes to, instead of useful auxiliaries of a safe business, is greatly increased. No one institution can lay down a rule for so conducting their affairs as to perfect the system, and perhaps all regulations would be inadequate to the removal of every evil from a system in which more or less of evil is inherent ; but this Board cannot refrain, under a sense of duty, from repeating here, again the opinions expressed in their reports of the two last years, that much may be done for maintaining a sound and stable currency, at all times, safe and convertible, by each Bank paying no bills out but its own, in all its transactions. Their notes would then be more likely to represent their actual business with fidelity, and they be, exactly, in that proportion, prepared with means for their prompt redemption on presentation ; no false credit would give circulation to the paper of a doubtful or unsound Bank, by the virtual indorsement it has, in being received and paid away by another institution in good credit ; suspension would scarcely occur, and if it did, would be necessarily more limited in its extent, and in its consequences comparatively harmless ; while the community would have the security of their joint capitals for their issues, of which the aggregate circulation which they use is constituted.

We also beg leave to lay before your Honorable Body a copy of the Report of the Commissioners of the Fire Loan. It gives a condensed view of their useful labors, extending over nearly four years of service ; the disbursement of more than a million of dollars, and the reconstruction of more than 130 principal buildings, many of which are of great size, and some cover several tenements. The fidelity and intelligence with which this laborious and responsible duty has been discharged, is attested by the great satisfaction expressed by all parties interested, and by the solidity of the edifices constructed, conforming in materials and workmanship with the requirements of the laws of the State, and the ordinances of the City of Charleston.

This Board would also call your attention to a change in the law regulating the deposits in this Bank by Public officers, so far as regards the Sheriffs of Charleston, Columbia and Camden, effected by the 64th Section of the Act passed on the 21st Dec., 1839. By the Act of 1817, returns were received in their official capacity, with the names of the persons on whose account it had been received, for the preceding month. This requirement is dispensed with in the act of 1839, which has been construed as a repeal of the regulation, and deposits made by the Sheriff of Charleston weekly, most usually in one sum, and by a check on another Bank, which deposits are generally checked out in a day or two, and thus entail much trouble and inconvenience on the officers, while they yield less advantage to the Bank than the Legislature intended. If made daily, as collected, and in the funds with which they are paid, the intention of the Legislature will be effected, and the Bank derive a benefit from the measure which will fairly compensate the State for the risk and trouble incurred.

Respectfully submitted,

F. H. ELMORE, *President.*

A.			
Annual Statement of the Bank of the State of South Carolina, 1st October, 1842.			
Dr.			Cr.
To Capital.....			\$2,320,065 19
" Bank Notes issued.....	774,250 00		171,764 31
" Bank Notes " in change.....	80,301 00		694,309 48
" Bank Notes " in Columbia.....	30,200 00	884,751 00	1,046,506 25
" State Treasury, for Sink'g.....			147,900 00
Fund for redemption of 5 and 6 per cent Stocks, and payment of the interest.....	579,863 54		32,553 52
" Discount and interest rec'd and transferred to Sink'g Fund.....	100,000 00	679,863 54	143,127 57
" State Treasury for Surplus Revenue, deposited by the U. States with this State.....	200,000 00		214,041 02
" State Treasury, for Loan under Act for re-building City of Charleston.....	2,000,000 00		486 25
" Drafts in transitu.....			5,184 00
" Individual Deposits.....			12,623 36
" Merchants' Bank, N. Y.....			2,500 00
" State Treasury, Charleston.....	78,559 78		44,858 48
" State Treasury, Columbia.....	11,871 65		27,444 44
			64,108 08
			33,565 55
			97,673 63
			4,937 08
			20,826 10
			35,558 93
			58,587 30
			38,805 90
			160,163 84
			276,750 75
			33,108 00
			\$5,599,086 57
			CHARLES M. FURMAN, Cashier.

B. <i>Statement of the Bank of the State of South Carolina, Charleston, 1st Oct. 1842.</i>				Cr.
<i>Dr.</i>				
To Capital,-----	\$1,156,318 48	By Bills and Notes Discounted,--	\$1,038,719 37	
" Bank Notes issued,-----	764,250 00	" Bills and Notes in Suit,-----	139,017 31	\$1,177,736 68
" Bank notes issued in change,-----	80,301 00	" Bonds secured by Mortgage,--	574,342 58	
" Bank Notes issued at Columbia,-----	30,200 00	" Bonds secured under Loan Re-		
" Discount Account,-----		building City,-----	1,046,506 25	1,620,848 83
" State Treasury,-----	78,659 78	" Specie—Cashier,-----	146,441 79	
" State Treasury for Sinking Fund,-----	579,863 54	" Bank Notes—Cashier,-----	246,672 00	
" State Treasury for Surplus Revenue,-----	200,000 00	" Bank Notes and Specie—Tellers,-----	29,916 12	423,029 91
" State Treasury for Loan re-		" Columbia Branch Bank,-----	787,757 33	
building City,-----	2,000,000 00	" Camden Branch Bank,-----	490,337 34	1,278,094 67
" Merchants' Bank, N. Y.,-----		" Agencies,-----		9,311 17
" Individual Deposits,-----		" Bank of Charleston Stock,-----	147,900 00	
		" State 3 per cent Stock,-----	32,553 52	
		" State 5 per cent Stock,-----	143,127 57	
		" State 6 per cent Stock,-----	214,041 02	
		" Commercial Bank Stock,-----	486 25	
		" Bank United States Stock,-----	5,184 00	
		" So. Western R. R. Bank Stock,-----	12,623 36	
		" So. W. R. R. 6 per cent Stock,-----	2,500 00	
		" Lou. Cin. & Char. R. R. Stock,-----	44,858 48	
		" Lou. Cin. & Char. R. R. Bonds,-----	27,444 44	630,718 64
		" Bank Estate,-----	64,108 08	
		" Real do,-----	33,565 55	
		" Judgments,-----		97,673 63
		" Interest and Exp. State Loan,-----		20,826 10
		" Foreign Exchange,-----		108,587 30
		" Domestic do,-----		2,280 02
		" Baring, Brothers & Co.,-----		35,558 93
				36,525 88
				<u>\$5,441,191 76</u>

C.

*Dr.      Annual Statement of the Branch of the Bank of the State of South Carolina, at Columbia.      Cr.*

1842.		1842.	
Oct. 1.	To Amount due Parent Bank.....	Oct. 1.	By Bills and Notes Discounted.....
	" Treasury.....		" Bond Account.....
	" Net Profits of past year.....		" Notes under Protest.....
	" Individual Deposits.....		" Cash Account.....
		\$786,476 25	\$830,885 57
		11,871 65	68,130 05
		43,384 92	1,200 00
		90,405 57	31,922 77
		\$932,138 39	\$932,138 39

OCTOBER 1, 1842.

C. M. FURMAN,  
*Cashier.*

D.

*Dr.      Annual Statement of the Branch of the Bank of the State of South Carolina, at Camden.      Cr.*

1842.		1842.	
Oct. 1.	To Amount due Parent Bank.....	Oct. 1.	By Bills and Notes discounted.....
	" Net Profits past year.....		" Bills and Notes in Suit.....
	" Individual Deposits.....		" Judgments.....
			" Bond Account.....
			" Parent Bank on account Mort Sales,
			" Cash.....
		\$501,421 53	\$455,545 10
		2,505 84	3,153 00
		30,679 22	29,594 00
			51,836 85
			407 73
			15,069 91
		\$555,606 59	\$555,606 59

OCTOBER 1, 1842

C. M. FURMAN,  
*Cashier.*

**E.**

*State Treasurer, for Sinking Fund of the State of South Carolina, for redemption of 5 and 6 per cent. Stock, and for the payment of interest thereon.*

Dr.		1841.		By balances,	Cz.
		Oct.	Sept.		
1841.					
Dec.	To paid for one quarter's interest.	\$15,639 57			\$849,623 18
1842.					
Mar.	h. do. do. do.	22,175 56			
June.	do. do. do.	13,369 21			
Sept.	do. do. do.	18,580 43			
	do. do. for redemption of 5 per cent Stock of 1822.		69,764 77		
	Balance,		200,000 00		
			679,863 54		
			\$849,623 31		
				C. M. FURMAN, Cashier.	\$849,623 31

**F.**

*State Treasury, for Surplus Revenue deposited by the United States with the State of South Carolina.*

Dr.	October 1,   By Balances,	Cz.
		200,000 00
		C. M. FURMAN, Cashier.

**G.**

*State of South Carolina for Loan under the Act for building the City of Charleston.*

Dr.	October 1,   By Balances,	Cz.
		\$2,000,000 00

H.			
Interest and Expenses on State Loan under Act for Re-building City of Charleston.			
Dr.		Cr.	
To Balance.	\$50,918 45	By Discount Account for this amount, transferred for payment of Interest on 6 per cent Stock.	\$60,769 42
" Baring, Brothers & Co. for Interest and Expenses on £233,000 at 9½ premium, paid in January, &c.	29,037 04	" Discount Account for this amount, transferred for payment of Interest on 5 per cent Bonds due in Europe.	50,000 00
" Baring, Brothers & Co. for Interest and Expenses on £233,000 at 9½ premium, paid July.	28,631 81	" Balance.	58,587 30
" Cash paid for Interest on 6 per cent. Stock issued in Charleston under Act for Re-building City of Charleston.	60,769 42		
	\$169,356 72		\$169,356 72
		C. M. FURMAN,	Cashier.

OCTOBER 1st, 1842.

OCTOBER 1st, 1842.

(1843.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina :*

The President and Directors of the Bank of the State of South Carolina respectfully Report :

That from the 30th day of September, 1842, to the 1st day of October, 1843, the profits of the Bank have been.....	\$251,876 03
Of this, there has been carried to the credit of the interest and expense account of the	
Fire Loan (in Europe,).....	\$67,814 55
To interest on 6 per cent stock,.....	58,817 62
" Profit and Loss,.....	25,143 86
" Sinking Fund,.....	100,000 00
	<hr/>
	\$251,876 03

On the above statement it is to be remarked, that the profits of this year exceed those of the last by \$34,521 40. That of these the considerable sum of \$25,143 86, has been absorbed to cover old commercial debts, the chief part of them the result of the disasters of 1837.

That in addition to the \$100,000 carried to the Sinking Fund, we have carried to the credit of the Expense account of the Fire Loan (H.) the sum of \$67,814 55, being \$17,814 55 more than was credited to this account last year. Under the directions of the Act of 1838, all the interest collected from the borrowers of the Fire Loan, is credited to the expense account of this fund. The interest collected this year, amounted to \$67,814 55, the sum credited, and, as we paid for that account only \$56,173 55, the remaining \$10,641 of these receipts go to diminish the balance standing to the debit of that account. Thus the Bank has made this year, over and above the sums paid for interest, and profit and loss, \$110,641, against \$100,000 last year.

In submitting the general and particular statements showing the general condition of the Bank, and the actual position of each branch of its business, the Board will remark, that it has not exhibited for many years a more healthful, vigorous, or sound state of its affairs. The profits of the past year show an increase over those of several preceding years, and manifest a returning ability in the community to meet their engagements. Heavy losses have been sustained by most, if not all, our institutions in the late revulsions; profits have been diminished, and every discouragement has been upon the country. Our profits have undoubtedly felt the effects of these causes; but with the other institutions situated in this great highway of commerce for the State, it is believed we may compare results without disadvantage. The profits of several if not most of the Banks of Charleston, for several years before the reverses of 1837, and some of them even after it, had reached the high point of 10 per cent.; but under the pressure of the disasters of the subsequent years, they have none of them divided more than 6 per cent., more of them 5 per cent., and one 4 44-100 per cent.

This Board cannot but also advert to another result, as in their opinions going far to solve an important problem connected with this institution. It has been believed by many, that no institution administered upon the principles of this Bank, can maintain, successfully, the proper functions of a Bank. In other words, that a Bank which gives accommodation on bonds

and mortgages, or on securities having periods longer than the usual 60 days mercantile paper to run, cannot safely issue notes or maintain a circulation, and therefore becomes, in effect, a loan office. If the whole business of a Bank was confined to such loans, there would be force in the objection. If its whole capital and credit was absorbed, in bonds or notes at the long periods required for the accommodation of the planting interest, there would be extreme hazard at all times, and in some an utter impossibility of carrying on the business successfully. But we are under no necessity of adopting either the extreme of vesting all the capital and resources of the Bank in mercantile transactions, nor of putting it in the bonds or long notes of planters, farmers and mechanics, any more than we are to exclude them entirely from the Bank, as we would do if we put them on the short discounts and regular reductions of the 60 days so universally adopted for mercantile accommodation. The difficulty is, in finding and adhering to the proportion of each which the Bank may safely take—a difficulty very considerably enhanced by the facts that the changes in business, and the money operations of commerce, are so very frequent and often sudden, that the proportion which may be best suited to the business of one year, is not the one adapted to the next; and also, that when one interest is more pressed than the other, its importunities for an accommodation disproportioned to its real claims, and to the safest business of the Bank, are very difficult to resist. Still, we are warranted in believing that a Bank may be successfully sustained by the State, which will divide its accommodations between the several pursuits, interests and classes of the people, and which may safely and profitably loan a part of its funds on bonds and mortgages, and long notes, and yet perform the functions of a Bank of circulation, promptly redeeming its notes with specie. We feel warranted in this opinion, by the events of the suspension in this State in 1839. Of the seven Banks in Charleston, six were purely commercial, rejecting bonds and such securities in their operations; and of these, five suspended specie payments, while this Bank met and redeemed in specie, all its notes as presented, and at the same time paid off more than a million of dollars of other liabilities. (*See Report of 1840.*)

There is one view which may not be without its value at this moment, and which justice to all concerned will not permit us to withhold. It is of the profit and loss account of this Bank, in its bearing on two classes of its transactions, the one founded on real estate and slave property, and the other on its commercial business, including under that head, all commercial transactions of accommodation notes, business paper, and exchanges. Of the profits on these respectively, it may be remarked that commercial business is absolutely as essential to the Bank, as is breath to the body; and of the latter, that it is to that breath, the body which gives strength and maintains vitality. The commercial business is that which moves the most briskly, gives the most frequent transactions, brings the capital most constantly under control, enables the Bank to shape its business most readily to circumstances, and yields the greatest profit. Without it, the operations of the Bank could scarcely be maintained. But it is a business also, where credit may stand for capital, or mixed with it, and scarcely to be distinguished from it; where, along with the greater profits, come greater risks, and greater losses; where appearances may be and sometimes are maintained to the last moment, which give the very highest credit and confidence, because the easy conversion of the means of the party into money,



even at sacrifices, to raise the small proportion of the Bank renewals, enables deception to be kept up until almost nothing is left; and when the end can no longer be avoided, little is found to meet the indebtedness.

Although slower in payments, and although the profits are not in appearance so great in the business founded on the lands and slaves of the planter, mechanic, and tradesman, yet the property is visible, and cannot be so easily wasted without being detected; the losses and risks are smaller, and when a failure does take place, the estate is there to meet it. Thus, perhaps, in the long course of years, taking all vicissitudes together, and making every fair allowance, it will be found, that in reality, the one business is as profitable as the other, so far as the dividends on the capital is concerned, for if the commercial branch is in the first place more lucrative, its losses are greater, and if the agricultural is less hazardous, it is also much slower. The statement of this account, from the beginning of our operations, verifies the views we have submitted. The whole amount carried to profit and loss, since its establishment, by the Bank, is about

⌘473,558 66

Of this, what is known :

As commercial is.....	⌘253,551 68
As agricultural is.....	39,609 24
As mixed or uncertain is.....	131,066 46
As of mechanics and tradesmen.....	49,311 28

⌘473,558 66

In the course of its operations the Bank frequently becomes the proprietor of considerable sums of the State Stocks. Sometimes it has surplus and unemployed funds, which it invests in such of these as have to be extinguished by its Sinking Fund, and they thus become in effect a part of that fund. At other times they are received in payments made to the Bank. They constitute for investment, in this way, a very desirable resource, because, while they are in effect, payments of so much of the public debt, (as in no instance has any Stock thus purchased ever been permitted to go again into the market,) at the same time, in case any of those emergencies to which Banks as well as individuals are subject, should render a resort to them necessary, they constitute a resource at all times available, either by sale, or as pledges for temporary loans. While at some periods the possession of these Stocks may be highly desirable, at other times it is equally so to deliver them up to the Comptroller General, and to have them cancelled, and the Sinking Fund credited with their amount. The operation should be one left to the discretion of the Board of Directors, for if it be made compulsory, it would take from the Stocks one of their highest recommendations, viz, a resource in case of difficulty, and therefore it would be prudent and proper on the part of the Bank, frequently to decline purchasing or taking them in payment, when, but for such condition, it would be highly desirable to obtain them. The fact that no resale of any Stocks yet taken in by the Bank has ever been made, proves clearly that there is little likelihood they would be resold hereafter. Another reason why it should not be compulsory is, that some of the Stocks now held are of loans payable in years subsequent to other loans for which the sinking Fund is pledged; and as they constitute in effect a part of that fund, and would, if its cash were deficient, be of its assets to make up the deficiency,

they ought not to be cancelled before the prior liens are discharged. This may be considered as pressing the doctrine of State faith very far, but there is no point of national policy or obligation, which should be guarded with more scrupulous observance, than the strict fulfilment of the contracts of the State.

The situation of the Bank at this time is such, that if power was now vested in the Direction, they would be prepared to cancel such of the certificates of Stock as they now hold, and which could be so disposed of upon the principles laid down. There is only one contingency which at present would be likely to affect their views in this particular. Applications have been made for several years for the establishment of Branches at Hamburg, Cheraw, and Georgetown. If it should be deemed advisable by the Legislature to direct one to be established at either of these points, that circumstance would render it prudent not to act on the power to cancel until the effect of such a measure could be seen, and it was ascertained that the aid of the Stocks was not needed.

This Board cannot close this Report without again calling earnestly to your attention, the recommendation submitted by them in their Annual Report of 1841, in relation to the collection of their debts. The subject grows in importance, and the convictions upon this Board are strengthened every day, that without some such regulation the Bank will be subjected to many losses. A deep sense of duty compels them to repeat all that they have said heretofore on this point.

All of which is respectfully submitted.

F. H. ELMORE, *President*.

Nov. 23, 1843.





C.  
*Statement of the Branch Bank at Columbia, October 1, 1843.*

Dr.		Cr.
1843.		
Oct. 1.		
To Amount due Parent Bank.....	\$814,315 21	
" Net Profits on hand.....	43,380 07	\$9,169 88
" Amount due Treasury.....	25,561 93	38,810 00
" Personal Deposits.....	71,536 63	766,430 37
		18,370 00
		56,593 59
		65,420 00
	\$954,793 84	\$954,793 84

D.  
*Monthly Statement of the Branch of the Bank of the State of South Carolina, at Camden.*

Dr.		Cr.
1843.		
Sep. 30		
To Discount Account.....	\$22,822 29	
" Amount due Parent Bank.....	476,860 29	\$421,074 39
" Deposits.....	37,976 92	39,246 72
		2,186 15
		3,000 00
		1,750 00
		51,389 18
		19,018 06
	\$537,659 50	\$537,659 50

October 1, 1843.

C. M. FURMAN, Cashier.



H.			<i>Interest and Expenses on State Loan, under Act for Re-building the City of Charleston.</i>		Cr.
Dr.					
1842.	To Balance.....	\$58,587 30	1843.	By Discount Account for this amount, transferred for payment of Interest on 6 per cent. Stock.....	\$58,817 62
1843.	" Baring, Brothers & Co. for Interest and Expenses on £233,000 at 8 per cent., paid in January.....	28,267 30		" Discount Account for this amount, transferred for payment of Interest on 5 per ct. Bonds in Europe, and in part to meet the advances made by the Bank on this Account.....	67,814 55
Oct.	" Cash paid for services of Clerks employed by the Commissioners for Valuing Lands.....	537 13		" Balance.....	47,946 30
	" Baring, Brothers & Co. for Interest and Expenses on £233,000 at 8½, paid in July.....	28,369 12			
	" Cash paid for Interest on 6 per cent. Stock, issued under Act for Re-building City of Charleston, made redeemable in this State.....	58,817 62			
		<u>\$174,578 47</u>			<u>\$174,578 47</u>

C. M. FURMAN, *Cashier.*

(1844.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That from the 30th day of September, 1843, to the 1st day of October, 1844, the profits of the Bank have been.....	\$231,237 62
Of these, there has been applied to the interest and expense account of Fire Loan (in Europe).....	\$56,777 88
Do do do (6 per cents. home).-	54,637 35
Carried to Profit and Loss.....	19,822 39
Carried to Sinking Fund.....	\$100,000 00 \$231,237 62

The diminution of profits, as compared with last year, is more apparent than real, as nearly the whole difference arises from the loss of the interest which would have been received from the Treasury for the State Stocks, which were held by the Bank, and cancelled under the provision of the Act of the last Session. These Stocks amounted to \$417,008 29, and the Public Debt stands, by the aid of this Bank, that much less against the State, than it did at this time last year. Another circumstance has operated more disadvantageously to the Bank, during the past season, than usual; we refer to the advances required for the Treasury, before the taxes are collected and paid in. These advances were required earlier, and in larger amounts than usual. The effect is in a two fold view disadvantageous, by drawing from us, at the most active period of business, considerable sums of our own funds, while our responsibilities are increased, at the very time that every Bank finds it most dangerous to be exposed. A curtailment of our business, much beyond the funds actually withdrawn, is the necessary consequence; and with that curtailment, a loss of profits, beyond the interest of the advances.

Appended to this Report, will be found a communication from the President and Directors of the Columbia Branch, giving an exposition of the principles and policy of its management. It is submitted to the Legislature for its consideration.

Under the authority and instruction of the Act of the Legislature, ratified on the 19th day of December last, entitled "An Act to establish the office of Assayer," the Board have elected J. Lawrence Smith, M. D. a gentleman highly qualified, and of Charleston, to that office; and also established regulations for the performance of its duties, which are appended to this Report, marked K.

In order to give the fairest opportunity of testing the advantages of this measure, this Board resolved to take all the gold and silver assayed by Dr. Smith, which might be offered, at his assay valuation, allowing at the rate of 101 3-10 cents per pennyweight for fine gold. This was about three cents below its value at the mint, and was at first adopted to cover risk, expense of transmission, insurance and interest. A few transactions satisfied the Bank that the assays were very accurate, and that the whole operation might be covered at about one per cent.; and we now take pure gold at that rate of deduction. The quantity offered has not been large, but in-



creases; and gives promise of still greater increase. It is found to be the best kind of remittance from the interior; and will, if properly fostered, add something to the trade of our city and towns.

In compliance with the Act of the 19th of December last, the stocks of the State held by the Bank in Charleston were, on the 19th day of January last, delivered to the Comptroller General to be cancelled. A statement of these is submitted, marked I. By reference to this exhibit, it will be perceived, that while the debt of the State is diminished \$417,008 29, the credit given to the Bank by the Comptroller General, is only \$396,305 58, being \$20,702 71 less than the face of the debt paid off by the Bank. This difference was insisted on, because the Bank had purchased \$53,663 46 of the three per cent. Stocks for the sum of \$32,960 75, for which latter sum only was credit allowed. In the purchases heretofore made by the Bank, it has frequently occurred that a premium has been paid, in some instances, as high as eighteen per cent.; yet that premium has never been allowed as a credit to the Bank, but in all such cases the Stocks have been reduced to the par in their settlement with the Sinking Fund, the Bank losing the premium. It would, therefore, seem but the equal working of the same rule, to allow the Bank credit for the par of these Stocks.

At the same time that the Comptroller General received these Stocks for cancellation, he transferred to the Sinking Fund the two hundred thousand dollars of surplus revenue remaining in the Bank on deposit, thus finally closing that account, under the provision of the Act of 19th of December last.

The Legislature, by a Report and Resolutions adopted at its last session, indicated the policy which it desired to be pursued by the Bank, for the extinguishment of the Public Debt; and directed that this Bank should, "in their Annual Report, inform the General Assembly of such measures as they shall from time to time have adopted, for carrying out the policy indicated."

The call made in the foregoing resolution for information, renders it proper to recite the measures adopted by the Board previous to, as well as since the passage of the Resolution of the last Session, in order that the whole subject may be fully understood. The condition of the debts of the State, at a very early day after the election of the present incumbent to the presidency of the Bank, occupied the attention of the Board; and especially the advantages which might accrue to the public interests, from obtaining a control over some portions of that which was payable in Europe. In the depressed price of all the Stocks of the States in England, ours had participated; and it was believed, that with proper arrangements, and the services of a judicious agent, they might be purchased by the Bank to great advantage. Extensive inquiries were instituted, both in England and in this country, upon the subject, and the result of the best information we could procure, was such a confirmation of these impressions, as to encourage the Board to take more decided measures towards the accomplishment of the scheme. The visit of General James Hamilton to Europe, in the spring of 1840, afforded an opportunity for prosecuting the measure by further and more particular inquiries, and also for making arrangements for an agency to carry out our views not only in this, but in other important particulars connected with our general and current business. His great experience, extensive acquaintance with the bankers of

standing, and well-tested ability, pointed out this gentleman as peculiarly fitted for this duty, which he immediately and cheerfully undertook, refusing any compensation for his services. Instructions for his government were delivered to him, dated the 19th of April, 1840. During the summer and fall, he prosecuted his inquiries and negotiations, and in the month of December, concluded arrangements with an eminent banking firm in London, on terms advantageous to the Bank, and satisfactory in all respects, except that they conflicted in one particular with an existing contract with Messrs. Baring, Brothers & Co., and in another made an unimportant requirement, which our charter did not exactly cover. The contract was not, therefore, ratified. These papers were received and disposed of in the month of January, 1841.

As the Bank had no authority to establish such an agency abroad, in order to be prepared to carry out the measures contemplated, the Board, in their Annual Report of 1840, applied to the Legislature for proper authority, which was granted in the Act passed at that session to amend the charter of the Bank.

Being now fully invested with the requisite authority by law, the Bank, as early afterwards as practicable, resumed the matter, and was fortunately able to procure the services of Leon Herckenrath, Esq. a merchant of high standing, and advantageously, as well as extensively known and connected, both in Europe and America. Mr. Herckenrath readily, and without compensation beyond the expenses actually incurred, undertook, and with great fidelity discharged the office of our representative, in making proper arrangements. He received his letter of authority and instruction under date of the 3d of August, 1841, and proceeded to England, where, after much deliberation and careful inquiry, he concluded a satisfactory arrangement with a firm of the highest rank and credit, to become our agents, which was finally ratified on the 23d of July, 1842. On the same day, our agents commenced operations by the purchase of South-Carolina Securities, and have continued the same while any have been in market, at rates which would allow of their being purchased to advantage. As the success of all such transactions depends upon their secrecy, it has not been deemed advisable, heretofore, to allude to them; nor is it now thought expedient to say more in regard to them, than to state that all the correspondence exhibiting the instructions, negotiations, agreements and directions for purchase of Stocks, given from time to time, will be in the hands of the President, at Columbia. Funds and credits have been in the hands of the agents in Europe at all times since, with instructions to purchase our State, or Rail Road Company Bonds, whenever they could be bought to advantage; and considerable amounts have been purchased, and are now in the hands of the agents, subject to our orders. The reasons for including the Rail Road Bonds were, that very few of our own could be got at any time—and as the Rail Road Bonds were guaranteed by the State, bore the same rate of interest, and would be paid in London, two years before a part of our own, and being from 3 to 10 per cent. lower, they presented a fair and safe investment, which might either be re-sold when they rose to par, or retained to meet our Bonds when they fall due. Both, however, have risen so much, that our agents have not been able to buy any during the last twelve months. In the home market, the Bank has purchased all that have been offered at par. The recent Acts of the Legislature, instructing the Comptroller General to purchase with the funds of the Trea.

sure, has brought all that were below up to par, or above it; and the greater part of what is for sale, is absorbed by individuals, or by him for the Treasury. If the means of the Bank allowed it, and it had entered the market as a competitor, the only effect would have been to run the Stock up to a higher price on the Comptroller General. It has therefore been deemed advisable, on all accounts, not to bring the Institution further into the market, than to advertise its readiness to cash at par, on presentation at its counter, such of the five per cents. due in January, 1845, as might be brought in. These are now frequently presented and redeemed, and the whole not redeemed before, will, on the first of January next, be paid off, and cancelled.

By an oversight, entirely accidental, there was an omission in the last Annual Report, of the statement of Gross Profits, and the Contingent and Expense Accounts, required by the 2d Resolution of 9th December, 1842. An omission the more venial, as the account had almost, at the meeting of the Legislature, been thoroughly examined and vouched by the Committee of Investigation, as appeared by their Report. Statements for both the last and current years are appended, marked L and M.

Within a few years past, a copy of the very able Report of the Committee of Investigation, made in December, 1827, has been placed in the hands of the President. It is the only copy known to be in existence, and belongs to a private library. Independent of its intrinsic merit, it constitutes an important part of the documentary history of the Institution, and would, could it have been recovered in time, have had its place in the compilation of the papers relating to the Bank, heretofore published under the directions of the Legislature. Believing that it will be in accordance with the views which ordered the collection and re-publication of those documents, it is printed as an accompaniment to the Annual Report now submitted.

F. H. ELMORE, *President.*

A.  
Annual Statement of the Bank of the State of South Carolina, 1st. October, 1844.

to Capital.....	\$1,123,357 73	By Bills and notes discounted.....	\$2,595,643 52
" Bank Notes issued.....	1,271,966 00	" do do in suit.....	181,841 61
" State Treasury.....	71,193 82	" Agencies.....	5,144 23
" do for Sinking Fund.....	677,994 38	" Bonds secured by Mortgage.....	604,153 46
" Discount and Interest received and transferred to Sinking Fund.....	777,994 38	" Bonds secured under Act rebuilding City of Charleston.....	984,294 14
" State Treasury.....		" Stocks, &c.....	358,681 83
" State Treasury for Loan, under Act for rebuilding the City of Charleston.....	1,843,586 70	" Bank Estate.....	66,608 08
" Deposits.....	631,488 54	" Real Estate.....	44,939 70
" Drafts, &c., in transitu.....	5,511 94	" Interest and Expenses State Loan.....	47,946 30
		" Foreign Exchange.....	21,451 24
		" Domestic Exchange.....	29,008 64
		" Judgments.....	19,525 00
		" Drafts, &c., in transitu.....	6,706 29
		" Specie.....	339,286 57
		" Bank Notes of this Bank.....	379,274 50
		" do of other Banks.....	40,594 00
	\$5,725,099 11		\$5,725,099 11

C. M. FURMAN, *Cashier*



C  
Statement of the Branch Bank at Columbia, October 1, 1844.

Debts due by the Bank.		Resources of the Bank.	
Amount due Parent Bank,-----	\$902,113 09	Specie on hand,-----	\$8,172 94
Net profits on hand,-----	45,365 23	Bills of other Banks in this State,-----	45,605 00
Amount due Treasury,-----	10,867 79	Notes discounted on personal security,-----	867,878 02
Personal deposits,-----	91,583 06	Drafts discounted,-----	38,578 63
		Bonds,-----	46,034 58
		Suspended debts and debts in suit,-----	48,660 00
Total liabilities,-----	\$1,049,929 17	Total resources of the Bank,-----	\$1,049,929 17

D.

Statement of the Branch Bank at Camden, October 1, 1844.

Debts due by the Bank.		Resources of the Bank.	
Amount due Parent Bank,-----	\$501,408 12	Notes discounted on personal security,-----	\$445,188 95
Net profits on hand,-----	23,101 02	Suspended debts and debts in suit,-----	34,003 85
Personal deposits,-----	53,662 89	Drafts discounted,-----	2,950 00
		Bonds,-----	46,727 43
		Specie on hand,-----	1,020 30
		Bills of Banks in this State,-----	48,281 50
	\$578,172 03		\$578,172 03

C. M. FURMAN, *Cashier.*

三

State Treasurer for Sinking Fund of the State of South-Carolina, for redemption of 5 and 6 per cent. Stock, and for payment of Interest thereon.

[illegible]

1844.—Oct. 1. By Balance----- \$777,994 38  
C. M. FURMAN, Cashier.

**F.**

<i>Dr. State Treasury, for Surplus Revenue deposited by the United States with the State of South Carolina.</i>		<i>Cr.</i>	
1844.		1843.	
Jan. 19.	To amount transferred to State Treasury for Sinking Fund upon engagement of the Bank stipulated in Act of last session of the Legislature.....	Oct. 1.	By balance.....
	\$200,000		\$200,000
			C. M. FURMAN, <i>Cashier.</i>

**G.**

<i>Dr. State Treasury, for Loan under the Act for rebuilding the city of Charleston.</i>		<i>Cr.</i>	
1844.		1843.	
Jan. 19.	To amount of 6 per cent. stock of Fire Loan held by the Bank, surrendered for redemption under Act of last session of Legislature.....	Oct. 1.	By balance.....
Sep. 30.	" Balance.....		\$2,000,000 00
			\$2,000,000 00
		1844.—Oct. 1.	By balance.....
			\$1,843,586 00
			C. M. FURMAN, <i>Cashier.</i>





## I.

*Statement of Stocks surrendered for redemption by the Bank of the State of South-Carolina, under provisions of Act passed at Session of Legislature for 1843.*

Amount of 6 per cent	Fire Loan.....	156,413	30
" 6 "	Rail Road Loan.....	9,378	86
" 5 "	1824.....	90,893	12
" 5 "	1826.....	74,322	69
" 5 "	So. West. Rail Road Bank.....	32,336	86
" 3 "	\$53,663 46, valued at cost.....	32,960	75
		<hr/>	
		\$396,305	58

C. M. FURMAN, *Cashier.*

## K.

The following Regulations have been adopted by the Bank of the State under the Act of the Legislature creating the office of Assayer :

## REGULATIONS FOR THE PUBLIC ASSAYER.

1st. The Assayer shall accurately assay all Gold and Silver brought to him for that purpose, including coins genuine and counterfeit.

2nd. He shall keep a Book, and in it require persons bringing metals for examination, to enter their names, their residence, and such other particulars as the Assayer may deem advisable, as may from time to time be required by the appointing powers.

3rd. He shall, if the parties desire it, make the Gold and Silver assayed into bars or ingots, on each of which shall be stamped.

1st. Its regular number, beginning at No. 1.

2nd. The gross weight of the assayed bar or ingot.

3rd. The value per pennyweight of that bar or ingot according to the mint standard.

4th. The amount in pennyweights of pure Gold or Silver in said bar or ingot.

5th. The date of the assay ; and

6th. The name of the owner.

4th. He shall keep a Book, in which shall be entered as specified above, the gross and specific weights of each bar or ingot, the amount of precious metals contained in it, the name of party owning and that of the person bringing it, the day it was entered in his Book, and the number of the bar or ingot. A report of these particulars shall be lodged regularly in the Bank of the State, where it shall be recorded for public inspection and reference.

5th. In assaying the Gold, the Silver it contains is to be estimated and reckoned in fixing the value of the bar or ingot under the 2nd and 3rd Specifications of the 3d Regulation above.

*The Charges shall not exceed the following Rates :*

## FOR GOLD.

Ingots under 100 pennyweights.....\$1.00  
 " between 100 and 400 " one cent a pennyweight.

" " 400 and 1,000 " one cent a pennyweight for the first 400, and a quarter of a cent additional for each pennyweight over 400.  
 Ingots over 1000 pennyweights, the same charge as the last with one-eighth of a cent additional for all over 1,000 pennyweights.

#### FOR SILVER.

Sums under \$100.....	\$1,00
" between \$100 and 500.....	2,00
" " \$500 and 1000.....	3,00
" of \$1000 and upwards.....	4,00

If the Gold should be in the form of grains, it is to be run into ingots or bars at the expense of the Assayer, provided it does not exceed 1000 pennyweights, and if it exceeds that weight, he has the privilege of charging 3 cents an ounce for the excess. The same is applicable to bars or ingots that it may be necessary to recast.

The portion of the bar or ingot clipped in making the assay, is to be kept by the Assayer, and taken in part payment of the operation, if it should not amount to the full charge; if exceeding it, the difference must be paid by him.

#### CHARGE FOR EXAMINING COINS.

If it be simply to make such examination, as to decide upon the genuine or counterfeit character of the coin, not to exceed 50 cents. If the coin should be counterfeit, and the exact composition be required, not to exceed \$2.

L.				
Statement of Gross Profits and Contingent Expense Account for 1842-3.				
Dr.			Cr.	
1843.	At Charleston.	1843.	At Charleston	
Sep. 30	Discount on Notes.	Sep. 30	Paid for salaries.	\$16,983 00
	Profit and Loss, for profit on sale and purchase of State Stocks, &c.		Expenses on Specie imported	3,139 63
	Int. on Stock, Notes in suit, Rent, &c.		Repairs to Banking House and C. Hotel	622 24
	Interest on Bonds.		Books, Printing and Stationery.	627 83
	Do do. for Fire Loan.		Subscription to Papers, Advertising, Fuel, Hire of Servant, &c.	639 30
	Premium on Exchange.		Offices of Reg. Mesne Conveyance, Sec. of State and Clerk of C. Pleas.	350 74
	At Columbia,		Insurance, Banking House, Carolina Hotel, &c.	657 25
	Discount Account.		Vault Locks for this Bank and Branches	750 00
	Interest on Bonds.		Costs and Fees.	710 64
	Do. on Bills.		Post Office Expenses.	268 78
	At Camden,		Notary's Fees.	116 00
	*Net profits.		Taxes.	65 80
			Reading Room.	13 75
			At Columbia,	
			Salaries.	7,683 23
			†Incidental Expenses.	1,767 21
			Profit and Loss, for sundry bad debts.	25,243 86
			Balance.	226,632 17
				\$286,271 43

\* It was not perceived until this Report was prepared for the press, that the Camden Returns on file did not contain more than net profits.  
 † Repairs of Bank House included.

C. M. FURMAN, *Cashier.*

**M.**  
*Statement of Gross Profits and Contingent Expense Account, 1843-4.*

1844.		Sept. 30.	
At Charleston,			
Discount on Notes,	\$56,203 93	At Charleston,	\$17,261 45
Interest on Bonds,	23,219 95	Paid for Salaries and Solicitors,	649 80
" " for Fire Loan,	50,323 98	Costs of Suits, Fees, &c.,	418 95
" " Stocks, Notes in suit, Rent, &c.	44,873 61	Books, Stationery, and Printing,	465 92
Profit and Loss for sundry old debts,	3,762 15	Repairs of the two Banking Houses,	
Premium on Exchange,	4,371 77	Clerk Com. Pleas and Reg. Mesne Con-	
Protest Account,	93 00	veyance,	197 25
At Columbia,		Advertising and Subscription to Papers,	177 78
Discount Account,	45,575 29	Hire of Servants, Fuel, Watering, &c.,	328 73
Interest on Bonds,	3,162 52	Post Office Expenses,	371 80
" " Bills,	4,565 09	Expenses on Specie,	403 12
At Camden,		Sheriff's Costs,	192 50
Discount Account,	25,468 56	Insurance, \$573 01; Notary, \$36,	609 01
Exchange " "	318 53	Profit and Loss for sundry bad Debts,	19,322 39
Interest " "	3,496 35	At Columbia,	
Protest " "	186 42	Officers' Salaries,	7,500 00
		Incidental Expenses,	437 67
		At Camden,	
		Salaries Paid,	5,966 00
		Incidental Expenses,	852 55
		Balance,	211,415 23
	\$267,071 15		\$267,071 15

BRANCH BANK, COLUMBIA, October 1, 1844.

*To the President and Directors of the Bank of the State of South-Carolina.*

GENTLEMEN:—In submitting our tabular statements of the operations of this Branch, we have deemed it proper to accompany them with some explanatory remarks.

For three years past our accommodation discounts have been made, in a great measure, with a view to aid the embarrassed planters and farmers, which necessarily has diffused our loans over a large extent of country. Notwithstanding the wide diffusion of these transactions, I am happy in being able to say, with great confidence, that I believe every note is good beyond doubt, and will be paid in such instalments as our Board may require, which have heretofore, and will continue to be, such as are adapted to the circumstances of the country. The wide extension of our accommodations is dictated by the object for which the Bank was incorporated, and has conferred very great relief in a period of great pressure and distress. The amount of capital allowed this Branch for such transactions as belong to its ordinary business, is \$350,000; and the number of notes discounted for accommodation, are between 750 and 800, proving the great number of citizens who have been enjoying the benefits of the institution.

Our bonds are few and of no considerable amount. We have no authority for making original loans on bond. When taken, they have usually been to get additional security on old or doubtful debts, or in the sale of property for debts due the Bank; or more frequently for sales of property where the Bank has consented to sales of its debtors' property on extended credits, to make it bring full prices to secure the payment of other creditors, and the saving something for the families of the unfortunate. These are all amply secured; the interest is promptly paid, and the principal is in progress of regular reductions.

There is one branch of our business which it may not be amiss to review. I refer to the discount of domestic exchange, or, in other words, drafts for the purchase of cotton. At one time previous to 1834, and during that year, this Branch did a considerable business in discounting these drafts. They were then simply drawn on the faith of the produce, and had only the acceptance of a house in Charleston for their security. In 1834, heavy failures in the cotton buying houses produced heavy losses to the Bank, and the business was almost entirely suspended until revived since 1840. During this period of suspension the commerce of Columbia, although aided by the Commercial Bank to a considerable extent, was still impeded for want of proper accommodations, and the cotton market often suffered from the restriction and inadequacy of the money facilities for our merchants to purchase and forward it to market. The planters and farmers were made, at times, to smart under unnatural depressions, and submit to much lower prices than were just, because the great body of the cotton buyers could not at all times get the money required to pay for their crops. The gradual and steady return of the Bank to the discounting of good cotton drafts, well secured, gradually but surely removed this evil. Under our just and impartial regulations, money could at all times be procured for these operations, and the cotton trade of Columbia assumed a steadiness and regularity that it had not known before. Under the regulations adopted, ample security was given, both at this Branch and in Charleston. The time the bills had to run was reduced from 60 to 30 days, and sometimes less, and a healthy action and safe business grew up,

of real transactions, and which has banished the reckless and speculative spirit out of which had arisen so much distress to individuals, and losses to the Bank.

By these means I am confident that we have done more solid and substantial benefits to the agricultural interest of the State, than we would have done in any other mode, with double the amount of capital. We gave to the planters, if they choose to send their own produce to market, every facility by taking these bills. We gave to the merchants the means always to buy their produce at a fair price, and to pay them in a good convertible currency. To the merchant our measures gave confidence and steadiness in his business; and to our Bank we brought a profitable and advantageous custom. The effect was, in truth, to extend its circulation in the interior, and to supply the Bank, in the cotton drafts, a specie fund, convertible as they fell due into so much of gold and silver, or its full equivalent. Our business in these transactions, in the seasons of 1842—3, was very considerable; but it was not until the last year, 1843—4, that anything like its full benefit was obtained. During the last season we furnished the merchants in discounts of these cotton drafts, with \$910,000, with which they bought and paid for cotton. Of this large amount, every bill has been paid promptly; and besides the great advantage it has given to our agricultural labor, it has aided essentially in promoting the prosperity and commerce of Columbia, while to the Bank it has been equivalent almost to so much specie.

Considering these important results, the Board of this Branch earnestly recommend the continuance of this policy. They view with great satisfaction the prosperous condition of the town in which their operations have been conducted, and feel that they are not claiming too much when they attribute no small part of it to the course of this institution.

The paying in of the taxes of the Upper Division, at so late a period of the year as June, is attended with a serious disadvantage to the Bank. The most pressing wants of the indebted planters are to meet the demands of the Spring courts; a season of the year when we are least in condition to accommodate them, from the heavy drafts upon us from the Treasury, during the latter part of December and the month of January. From our inability to serve them, at this pressing period of their wants, they resort to other Banks, for accommodations on short loans, to be paid when this branch receives the taxes in June; which gives to these Banks the benefit of a circulation of their bills in the country, to be paid back in a short time in the bills of our Bank, which are immediately returned upon us, greatly to our disadvantage. An earlier collecting and paying in of the taxes, would not only remedy this evil, but would considerably increase the profits of the Bank. If the taxes, amounting to about \$120,000, were paid in on the 1st of March, instead of the 1st of June, as is now the case, the increased profits would amount to about \$1,800, a circumstance of itself sufficient to recommend its adoption. I cannot see that the proposed alteration of collecting the taxes in February, instead of May, would at all injure or inconvenience the tax payer; the former being a period of the year when money is more abundantly in circulation, and more easily to be obtained in small amounts, than at the later period in May.

I recommend that you bring this matter to the notice of the Legislature at its ensuing session.

All of which is respectfully submitted.

R. H. GOODWYN, *President.*

*Exhibits of cotton Drafts discounted at the Branch Bank at Columbia since the 1st of October, 1841, and the net profits arising from the same*

<i>Drafts.</i>	<i>Profits</i>
1841-2,-----	\$201,025-----
1842-3,-----	365,228-----
1843-4,-----	910,000-----
	\$2,352 30
	2,353 60
	5,170 09

A portion of the profits for the last year's draft business, was realized at the parent Bank in Charleston, and is not included in the above exhibit.

R. H. GOODWYN, *President.*

Branch Bank, Columbia, October 1, 1844.

(1845.)

*To the Honorable the Senate and House of Representatives of the State of South-Carolina :*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That from the 30th day of September, 1844, to the 1st day of October, 1845, the profits of the Bank have been-----

Of these, there has been applied to the interest and expense account of Fire Loan (in Europe,)-----	\$241,290 91
To interest on 6 per cts. (Home,)-----	\$61,180 82
To profit and loss, for U. S. Bank Stocks, and old debts,-----	48,819 18
	21,290 91

Carried to the Sinking Fund-----110,000 00 \$241,290 91

The sums for profit and loss, include the loss on \$9,184 of Stock of the Bank of the United States, which had been taken for a doubtful debt, many years ago by this Bank, before the failure of the former ; upon which, by good fortune, we have sustained a loss greatly below that which has fallen on other Stockholders.

In the profits of the Bank, but not included in the statement above, is to be estimated the gain made by the purchase and extinguishment of £7500 of Sterling Bonds of the Fire Loan, of which £4000 were payable in 1858, and £3500 in 1868. These Bonds were purchased in London, including the exchange, at something more than \$3,000 under par, and have been credited by the Comptroller at par, excluding any credit for exchange. The Public Debt has been diminished by the operation to

the amount of-----\$33,333 33

At a saving to the State of upwards of-----6,000 00

In obedience to the instructions of the Legislature, in their Resolutions of 15th December, 1843, the Board have to report the measures they have pursued for carrying out the policy, indicated at that time, for the extinguishment of the Public Debt :



The 5 per cent. Stocks, issued in 1824, to fall due on 1st January, 1845,  
amounted to.....\$250,000 00  
Of these, the Bank had redeemed and cancelled last year.... 90,883 12

Leaving due on 1st January, 1845.....\$159,106 88  
Of this there has been presented to and paid by the Bank... 156,319 32

Not presented and still due.....\$2,787 56  
The Bank has paid and extinguished, since the last Annual Report, the  
following amounts of the principal of the Public Debt, viz:

Of 5 per cents. due 1st January, 1845.....\$156,319 32  
Of 5 do. do. do. 1st January, 1858 }  
Of 5 do. do. do. do. 1868 } ..... 33,333 33

\$189,652 65

With a view to the redemption of the Fire Loan 5 per cents. falling due in Europe in 1858, the Board have purchased and have now in the hands of an Agent in Europe, £10,500 of the Bonds of the Rail Road Company, guaranteed by the State, which will fall due in 1856; these stand us in our accounts, all expenses included, in \$37,357 63, and are worth about \$48,000, at their present rates in England.

Funds, or Credits, have at all times, for several years past, been in the hands of the same Agent, with instructions to buy up the Fire Loan Bonds, if opportunities offered for doing so advantageously; but such is the credit of the State and the value of these Stocks, that none are offered in the market, nor can any be procured, at rates which would render their purchase an object.

In the domestic Market, the State Stocks have all been above par, and the Board have not been able to purchase beyond the small amount reported in the Bank statement B: these will be surrendered when a larger sum has been accumulated.

Not being able to purchase the Stocks of the State, and having funds accumulating, the Board have made purchases of other safe Stocks, at low rates, to invest a portion of their funds that can, when needed, be readily converted into money for the Sinking Fund. These constitute interest bearing securities, which can be used whenever the payment of the remaining portion of the Public Debt requires their being turned into cash for that purpose.

The Stock issued by the State in 1826, bearing 5 per cent. interest, and to fall due 1st January, 1846, amounts to.....\$300,000 00  
Of this, the Bank had redeemed and cancelled as reported  
to you last year..... 74,222 69

Leaving due and redeemable on 1st January, 1846.....\$225,677 31  
This the Bank is prepared to discharge immediately on presentment.

The heavy payments for principal and interest, on the Public Debts, to be made during the next year by the Bank, must produce some effect on its operations; and a somewhat diminished rate of profits may be anticipated. At the Session of 1843, in a Report made by the President, in answer to a call from the Legislature, a table was appended, as exhibit No. 1, to show

the probable operation of the Sinking Fund for the extinguishment of the Public Debt. The profits of the Bank are there estimated as follows :

For the Year ending 1st October, 1844.....	\$110,000
do do do 1st October, 1845.....	100,000
do do do 1st October, 1846.....	90,000

These estimates, so far, have been fully realized, notwithstanding the surrender of a large amount of State Stocks, which constituted a part of the Bank capital, when these estimates were made. The business of the ensuing year, will feel very sensibly the depressing influence of the heavy deficit in our crops. Mercantile transactions must be materially circumscribed, and all business transactions, which give active and useful employment to Bank Capital and credit, be considerably limited. Still there seems to be no reasonable ground to fear but that the Bank will realize the income estimated for 1846, in the statement referred to.

OCTOBER 1st, 1845.

F. H. ELMORE, *President.*

A.			Cr.	
Dr.	Annual Statement of the Bank of the State of South Carolina, 1st October, 1845.			
To Capital.....	\$1,123,357 73	By Bills and Notes discounted.....	\$2,700,473 41	
" Bank Notes issued.....	1,350,826 00	" do. do. in suit.....	201,158 55	
" State Treasury.....	109,910 05	" Agencies.....	2,600 92	
" do. do. for Sinking Fund. \$575,545 83		" Bonds secured by Mortgage.....	568,099 11	
" Discount and Interest received and transferred to Sinking Fund.....	110,000 00	" Bonds secured under Act re-building the City of Charleston.....	934,968 45	
" State Treasury, for loan under Act for re-building the City of Charleston.....		" Stocks, &c.....	449,104 44	
" Deposits.....	1,810,253 37	" Bank Estate.....	66,608 08	
" Drafts, &c. in transitu.....	574,977 84	" Real Estate.....	48,462 19	
" Merchants' Bank, N. Y.....	28,180 40	" Interest and Expenses State Loan.....	43,898 36	
" C. I. Hambro & Son.....	15,725 28	" Foreign Exchange.....	377 76	
	5,899 45	" Domestic Exchange.....	5,600 00	
		" Judgments.....	19,525 00	
		" Drafts, &c. in transitu.....	1,634 53	
		" Specie.....	281,650 80	
		" Bank Notes of this Bank.....	331,736 70	
		" Bank Notes of other Banks.....	44,647 00	
		" Baring, Brothers & Co.....	4,130 55	
	\$5,704,675 95		\$5,704,675 95	

B.  
Statement of the Bank of the State of South Carolina, Charleston, 1st October. 1845.

Dr.		Cr.
To Capital.....	\$1,242,060 00	\$1,307,379 58
" Bank Notes issued.....	78,568 00	94,805 38
" Do. do. in change.....	30,200 00	466,848 85
" Do. do. at Columbia.....		934,968 45
" Discount Account.....		247,073 15
" State Treasury.....	81,123 54	193,077 00
" Do. do. for Sinking Fund.....	575,545 83	113,099 20
" Do. Loan for re-building City.....	1,810,253 37	954,738 26
" Merchants' Bank New York.....	1,558 96	480,387 61
" C. I. Hambro & Son.....	5,899 45	147,900 00
" Deposits.....		630 00
		1,006 38
		486 25
		30,298 26
		2,500 00
		101,481 48
		27,444 44
		37,357 63
		100,000 00
		66,608 08
		48,462 19
		115,070 27
		19,525 00
		105,079 18
		4,130 55
		377 76
		5,600 00
		\$5,493,765 60

C.  
*Statement of the Branch Bank at Columbia, 1st Oct., 1845.*

Amount due Parent Bank,-----	\$957,145 74	Specie on hand,-----	2,550 85
Net Profits on hand,-----	48,849 58	Bills of other Banks in this State,-----	76,084 00
Amount due Treasury,-----	28,786 51	Notes discounted on personal security,-----	888,417 72
Personal Deposites,-----	88,569 25	Drafts discounted,-----	61,622 50
Amount due Merchants' Bank, N. Y.,-----	14,166 32	Bonds,-----	47,350 33
		Suspended Debts in suit,-----	61,492 00
	\$1,137,517 40	Total Resources of the Bank,-----	\$1,137,517 40

D.  
*Statement of the Branch of the Bank of the State of South Carolina, at Camden, on the 1st of October 1845. Cr.*

1845.		1845.	
Oct. 1.		Oct. 1	
DEBTS DUE BY THE BANK.		RESOURCES OF THE BANK.	
Amount due to other Banks. (*)-----	504,526 00	Specie on hand,-----	974 60
Net Profits on hand,-----	28,784 78	Bills of Banks in this State,-----	25,151 70
Cash Deposited and all other monies exclusive of Bills in circulation, Profits on hand, Balances due other Banks, and monies bearing interest,-----	84,754 33	Bills of Banks in other States,-----	24 00
		Notes Discounted on personal security,-----	436,563 61
		Domestic Exchange,-----	6,590 00
		Bonds,-----	53,899 93
		Debt suspended and Debt in suit,-----	44,861 27
	\$568,065 11		\$568,065 11

(\*) Parent Bank for Capital, included.

E.  
State Treasurer, for Sinking Fund of the State of South Carolina, for redemption of 5 and 6 per cent. Stock, and for  
Dr. payment of interest thereon. Cr.

		1844.		1845.	
Dec. 31	To Paid one quarter's Interest,-----	\$14,260 28	Oct 1	By Balance,-----	\$777,994 38
1845.			1845.	" Amount received for January Divi-	
March 31	" do. do.-----	16,407 01	March 27	dends on State Shares in S. W. Rail	4,000
June, 30	" do. do.-----	10,081 95		Road Bank,-----	
Sept. 30	" do. do.-----	13,379 99	Sept. 4	" S. W. Rail Road July Dividends on	4,000
"	" Amount paid for redemption of 5 per		" 30	same,-----	
"	cent. State Stock,-----			" Amount transferred from Profits of	
	" Balance,-----			past year for redemption of Capital	
		156,319 32		and payment of Interest on State	
		685,545 83		Debts,-----	110,000
			1845.		<u>\$895,994 38</u>
			Oct. 1	By Balance	<u>\$685,545 38</u>

F.		State Treasury, for Loan under the Act for re-building the City of Charleston.		Cr.
Dr.				
1845.			1844.	
Sept. 30.	To following Bonds redeemed by warrant of Comptroller General, 16 Bonds of £250 each, redeemable in 1858, making £4,000; 7 Bonds of £500 each, redeemable in 1868, making £3,500. Total £7,500 at \$4.44.....		Oct. 1	By Balance.....
	" Balance.....	\$33,333 33 1,810,253 37		\$1,843,586 70
		\$1,843,586 70	1845.	
			Oct. 1	By Balance.....
				\$1,810,253 37

Dr.	Interest and Expenses on State Loan under Act for Re-building the City of Charleston.	Cr.
1844.		
Oct. 1	To Balance.....	\$47,946 30
1845.		
Mar. 22	" Int. and expenses for dividends for Jan. 1845, paid by Baring, Bro. & Co. to holders of State Bonds in London, £5,883 5 at 8½ per cent.	Sept. 30
Sept. 10	" Do. for July 1845, £5,883 5 at 10	" "
" 30	" Paid int. on 6 per ct. stock issued under act re-building city Charleston, made redeemable in this State	" "
1845.		
Oct. 1	" Balance.....	\$153,898 36
		\$43,898 36
		\$153,898 36
		\$4,819 18
		61,180 82
		43,898 36
		\$153,898 36



## H

*Statement of the Contingent Expense Account of the Bank of the State,  
at Charleston, from 1st October, 1844, to 1st October, 1845.*

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1845.		
Sept. 30.	To Officers' Salaries.....	\$16,850 00
	" Printing Bank Bills.....	1,756 84
	" Attorney General and Solicitor's Salaries.....	2,058 69
	" Books, Stationery, &c.....	424 22
	" Subscription to Papers, Advertising, &c.....	296 91
	" Printing Checks, Blank Notes and Notices.....	144 00
	" Post Office .....	300 96
	" Expenses on Specie.....	87 50
	" Insurance .....	245 00
	" Offices Clerk Common Pleas and Register M. C.	153 50
	" Repairs to Banking House.....	65 47
	" Subscription to Reading Room.....	12 50
	" Hire of Servant, Fuel and other Office expenses	374 61
	" Advertising Limestone Springs and expenses of sale .....	114 37
		<hr/>
		\$22,884 57
	By Costs returned .....	110 00
		<hr/>
		22,774 57

## I

*Statement of the Contingent Expense Account of the Branch of the Bank of the State of South Carolina, at Columbia, for the year ending 30th September, 1845.*

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1845.

Sept. 30.	To Officers' Salaries.....	\$7,600 00
"	Fees to Attorneys.....	402 49
"	Repairs to Bank House.....	188 97
"	Hire of Servant.....	100 00
"	Postages.....	99 67
"	Officers' expenses to Charleston on Bank business	105 25
"	Cashier's expenses to Camden, on Bank business	5 87
"	Stationery, Fuel, &c. &c.....	180 72
		<hr/>
		\$8,682 97

## K

*Statement of the Contingent Expense Account of the Branch of the Bank of the State of South Carolina, at Camden, for the year ending 30th September, 1845.*

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1845.

Sept. 30.	To Postages.....	\$19 73
"	Repairs to Banking House.....	69 46
"	Stationery, Fuel, &c.....	129 07
"	Thomas J. Withers, as Solicitor for 1844.....	300 00
"	Thomas Salmond's expenses to Charleston, on Bank business.....	28 50
"	Thomas Salmond's expenses to Sumter, Darlington, Cheraw and Chester, on business.....	20 00
"	Officers' salaries.....	6000 00
		<hr/>
		\$6,566 76

(1846.)

*To the Honorable the Senate and House of Representatives, of the State of South Carolina:*

The President and Directors of the Bank of the State of South Carolina respectfully Report:

That during the fiscal year ending on the 30th September, 1846, the profits of the Bank have amounted to.....\$227,663 96

Of this, there was paid for interest on Loan

(in Europe,).....\$55,587 04

Interest on 6 per cents, at home,.....49,469 31

Profit and Loss Account,.....27,607 61

Carried to Sinking Fund,.....95,000 00—\$227,663 96

The unprecedented failure in the crops of the State in the last year, compelled the planting interest to apply the larger part of the proceeds of their cotton to purchase provisions; and there was consequently a more than ordinary derangement of the usual commercial exchanges, and a greater difficulty in procuring payment in existing debts, while the great extent of the destitution required the extension of increased accommodations, to aid in procuring the necessaries of life. Yet, notwithstanding the untoward influences of this great calamity, the profits of the Bank have exceeded the estimates which were submitted to the Legislature, by the President, in his Special Report of the 8th December, 1843, made in obedience to calls by Resolutions from both Houses.

That portion of the Report which answers as to the ability of the Bank to pay off the public debt charged upon it, was accompanied by an exhibit, showing the estimated profits of its operations for each year until the debt is finally extinguished.

The table is again submitted as Exhibit L of this Report. A reference to its items will show, that the profits then estimated for 1844 and 1845 have been realized, while those for 1846 have been exceeded.

The excess of this year would have been increased \$25,000, had not a heavy loss been sustained, by the fraudulent delinquency of Alexander McDonald, one of the Directors, who enjoyed, in a very high degree, the confidence both of the State and the City of Charleston, which he has abused, by conduct without precedent in our annals, and against which human prudence could afford no certain protection.

In this case, the Board has deemed it most advisable to reserve at once from the profits of the year a sum which they estimate may cover any ultimate loss, although proceedings are instituted from which hopes are entertained of recovering even a larger portion of the debts.

The Resolutions of the 15th December, 1843, make it the duty of the Board to report annually, the measures they have taken for the extinguishment of the public debt, in accordance with the principles therein indicated.

The ability of the Bank to pay the public debt charged upon its profits must always be a subject of anxious solicitude.

Three years have elapsed since the Legislature made a special call for information on that point, and a review of the opinions given by the President, in his answer, compared with, and tested by, the actual results of the measures adopted to meet the wishes of the Legislature, may not be without use to aid it in forming correct conclusions for what may be expected

from future operations. By referring to Exhibit L and the reports of this and the two years preceding, it will be seen that, notwithstanding the Bank has subsequently purchased and cancelled a large amount of State Stocks, the interest of which was counted on as a part of its income, the profits of 1844 and 1845 were equal to, while those of 1846 have exceeded, what was promised in the estimate of 1843, and that the 5 per cents which fell due in January, 1845 and 1846, amounting to \$550,000, have all been paid, except five hundred dollars of 1845, and one thousand and ten dollars of 1846, not presented.\*

This, however, does not show the action of the Bank in its entire extent, either in the actual reduction of the liabilities of this State, nor in the preparations it has made to pay off the Stocks falling due hereafter. The annual reports of 1844 and 1845 contain particulars embodied below, showing the cancellation, by the Bank, since 1843, of the following Stocks.

On the 19th January, 1844, the Bank cancelled of the Fire Loan Bonds held by it, \$156,413 30. Of which \$146,305 30 had never been sold, and \$10,108 00, had been sold and re-purchased. At the same time, it cancelled \$33,333 33 of the 5 per cent. stock created to pay the State's subscription to the capital of the South Western Rail Road Bank, which had been transferred to the Sinking fund, to replace interest on that stock, advanced from it by the Bank, under the warrants of the Comptroller General. Exclusive of these operations, the Bank purchased and cancelled in 1844 and 1845,

Of the Fire Loan Stock, as above stated.....	\$10,108 00
6 per cent of 1839, (advance on R. R. subscription)....	9,378 86
5 " " Fire Loan, bought in Europe, due 1853,....	33,333 33
3 " " (bought by Bank for \$32,960 75).....	53,663 46

For two years past, the Bank has not purchased any of the State Stocks for cancellation; because, in 1845, they were above par, and in 1846, the heavy payments made in January to redeem the 5 per cents then paid off, rendered it impracticable.

But, in addition, during 1845, to the considerable investments then held as reserves for the payment of the State Stocks, as they fell due, the Board made other investments in safe Stocks at low rates, which have risen in value, and will, in all probability, continue to rise much more, constituting interest-bearing securities, which can be readily sold and converted into cash, whenever the payment of the remaining portions of the public debt requires it. This reserve fund is fully adequate, exclusive of the accruing profits, to what will be required to meet the Stocks falling due in January, 1848, 1850 and 1852.

It has been seen that, until the present time, the Bank has not only paid all the debt charged upon it by the several Acts of the Legislature, but has anticipated, by purchase and cancellation, other portions of the public debt, before it fell due; and has made provisions to meet what will fall due in 1848, 1850 and 1852, being the balance of the 6 per cents created in 1839, and amounting to \$590,621. 14.

These views have not included any calculations for the profits of future operations. In reviewing the estimates for these, submitted in the special report of 1843, and again laid before you with this, the Board sees no

\* Of the 5 per cents of 1826, due 1st of January, 1846, the Comptroller General purchased for the State and cancelled \$5,476 36.

reason to doubt but that those estimates will continue to be fully realized, if not exceeded. The reasons, in part, on which these opinions are based, will be briefly stated. The ability and prosperity of a Bank depends on the ability and prosperity of its customers. At the time the estimates of 1843 were made, every thing admonished extreme moderation in forming them. A long course of oppressive Federal taxation had crippled our commerce, and borne heavily on the industry of the people. The value of property was depreciated, and the spirit and enterprise of the State depressed. The aspect of affairs in all these respects, is changed greatly for the better, while new elements have been brought into action, which are destined to have a powerful influence in the advancement of the general prosperity, and that of South Carolina and Charleston in particular. The extension of the Rail Road to Columbia and Camden, reaches the middle portions of the State, where the grain growing sections begin,—the extensions into Georgia, have penetrated through the cotton, and far into the grain growing sections, and are rapidly approaching complete connexions with still greater lines into Alabama and Tennessee, where the corn, wheat, pork, beef, hemp and tobacco, besides other staples of the soil, are, or can be, produced in unlimited profusion. Minerals and manufacturing facilities are abundant. Each road is the parent of other Rail Roads or Turn-pikes, or reaches navigable streams penetrating other portions of these fertile countries, which will collect and bring to the Atlantic a commerce of vast and ever increasing extent and value. The opening and extension of new lines further into the interior of our own State, will swell this vast amount of staples seeking an outlet to foreign markets, and far the greater part will find their way to Charleston, extending greatly its business at home, and its commerce with foreign countries. The reduction in our Tariff comes at a happy moment for all branches of trade, while the free trade measures in Great Britain, and especially the relaxation of duties on grains and other provisions, are most fortunately timed to render our Rail Road improvements of inestimable advantage, in restoring to Charleston the prosperity to which her great natural commercial advantages entitle her. In that prosperity the whole State will participate. The creation of a provision trade between Charleston and Europe, will open a new employment for the cultivators of the soil, diversifying their labors, and rendering them more independent. The extension in the number and variety of articles for market, the increase in the value of the products of their industry—the activity that a trade, freed from oppressive restrictions, will impart to commercial exchanges, will all operate to invite new capital, increase population, and, in a thousand ways, seen and unseen, to improve the condition of the customers of the Bank, by adding to their ability to meet existing liabilities, and to make and fulfil new engagements. It is not, therefore, unreasonable to look, in the future, for a more active and profitable employment of the capital and credit of the Bank, than we have experienced for a great many years past.

The improvement which is anticipated for the business in which it will be engaged, will be natural and enduring, and if realized, to any thing like the extent which the present condition and apparent progress of events would seem to promise, its profits will fully reach, and most probably will greatly exceed, the estimates of 1843, and will, finally, fully extinguish the whole public debt without creating embarrassments or imposing any burthens on the State.

The annual report of the President and Directors of this Bank for 1823, suggested the appointment of annual committees to examine its books and business, and to report to the Legislature; in consequence of which, the Act of December, 1823, was passed, providing for the appointment of a joint committee for that purpose by every new Legislature at its first session. Unfortunately, such a committee, from the constitution of the Legislature, is necessarily biennial, instead of annual, as recommended by the Board. The present Direction concur in all the reasons then adduced for the measure, and regret that these investigations are not made at least annually. Desiring the most frequent and impartial examinations while under their management, as most conducive to its prosperity and usefulness, and to the maintenance of the public confidence, the Board submits that they might be made intermediately by the Comptroller General, with, perhaps, other public officers of high trust, so that the Legislature may be annually advised, from other sources entitled to its confidence, as to the management and condition of its affairs.

The Board feel again compelled to renew to the Legislature their earnest application for an amendment of their charter in regard to the collection of their debts. The business of this institution differs from that of every other Bank, in several respects:—It has two Branches, each carrying on a large business, and situated at a distance, and, from its own peculiar character, the business of the mother Bank is spread all over the State. Applications for its aid come from every district and parish, and these applications having merits of even equal weight with those of persons residing in Charleston, cannot be considered with equal favor, because, in case of failure to meet the payments required, suits must be instituted in remote courts, where the case passes entirely beyond the supervision of the Board, and is, of necessity, often overlooked. Under the original charter, each party asking a loan, was obliged to accompany his application with a power of attorney to confess judgment, in case he failed to pay his instalments. The regulation worked well. No complaints were ever uttered against it. The same principle, modified to cover all cases of contract at the mother Bank or Branches, and allowing suits to be brought in the district where the contract was made or matures, reserving a right to a defendant to remove the cause to his own district for trial, in case he could show good ground for it to the Judge who may preside where the writ is returnable, would remove every well-founded objection, and insure to a party having a real defence, all possible security against injustice. Such an arrangement would enable the mother Bank, by proper regulations with the Branches and their legal officers, to have reports after every circuit in the State, which would be condensed in a set of Books in the Bank, where, on reference, the actual condition of each case could at all times be known.

As it now is, the Bank is compelled to have an agent in almost every district where it has a suit, and it has been found, in practice, next to impossible to procure reports and returns. The plan proposed would reduce these agencies to one for each Branch, from which, after each Circuit, full returns of what had been done in every case could be had, simplifying and giving efficiency to our business of very great importance. If the present system is to continue, in addition to its greater expense, losses and embarrassments must increase.

During the past year, and since the report of the Committee appointed to investigate the condition of the Bank, made to the Legislature in December last, the instructions of the Legislature in regard to the debt of the

Nesbitt Manufacturing Company and the Iron Works, have been so far progressed in, as to make it proper to report the proceedings. As soon after the passage of the Resolutions on that subject as it could be done, a Bill was filed by the direction, in the Court of Chancery, to foreclose the mortgage and enforce its demands. A decree was pronounced, ordering a sale of the whole property, and the Bank found it necessary to bid it in, to enable it to carry out the instructions, and became the purchaser at a sum less than the debt due to itself. To this point the report of the Committee of investigation informed the Legislature at its last session.

Against a confirmation of this sale, objections were subsequently filed by some of the creditors, which were argued and overruled in Court, and from that decision an appeal was taken, and is now pending.

Upon being notified of this appeal, the Bank consulted the Attorney General and the eminent counsel associated with him in the case, and were advised that no doubt existed in their minds of the dismissal of the appeal when it came to trial; and as the property was too valuable, and at the same time too liable to exposure and injury if left idle, and it did not comport with the views of the Board to carry on its operations, it was advertised for sale for several months, in the early part of the year, with a full description, and on the terms and credits prescribed by the Resolutions of the Legislature.

No offer of purchase was received, except one from a portion of the old stockholders, who being already liable for any deficiency, proposed to take the property at a price which will cover the debts due the Bank; and to give therefor, in addition to the mortgage of the property itself, such other security, either personal or in other property mortgaged, as may be deemed sufficient. The propositions have been considered and agreed to, and the details are being perfected by a committee of the Board, the Attorney General, and the parties offering to purchase. It is not always that a business of such extent and importance can make its progress through the forms of the courts and the adjustments necessary to its conclusion, as is desirable; in this instance, the Bank has omitted no means in its power to bring it to a termination; and there seems now no reason to doubt but that it will be fully concluded before the next committee of investigation will examine the Bank, to which all the details can be fully explained.

In the meantime the Board deems it proper to state, that two of the old proprietors undertook to keep the Works in repair and employed, without risks or costs to the Bank, and that they have done so, from the time of the first sale, through all the difficulties of a year of great scarcity.

F. H. ELMORE, *President.*

November, 23, 1846.

A. *Annual Statement.—Bank of the State of South Carolina, 1st. October, 1846.*

Dr.			Cr.
To Capital.....	\$1,123,357 73	By Bills and Notes discounted.....	\$2,789,661 23
" Bank Notes issued.....	\$1,343,360 00	" Do. do. in suit.....	188,369 99
" Do do. do. in change.....	78,566 00	" Bonds secured by Mortgages.....	575,016 64
" Do do. do. at Columbia.....	30,240 00	" Do. under Act re-building City.....	898,591 53
" State Treasury.....	104,907 22		
" do. for Sinking Fund, for payment of int. and redemption of debt.....	495,635 99	Stocks, viz:	
" Discount and interest received and trans- ferred to Sinking Fund.....	95,000 00	Bank of Charleston Stock.....	147,900 00
" State Treasury, for Loan, re-building City of Charleston.....	1,810,953 37	Commercial Bank, Columbia.....	486 25
" Deposits.....		South-Western Rail Road Bank.....	30,298 25
" Drafts in transitu.....		South-Western R. R. 6 per cent.....	2,500 00
" Merchants Bank New York.....		So. Ca. Rail Road Company.....	101,481 48
" C. J. Hambro & Son.....		do. Bonds.....	27,444 44
		do. Sterling do.....	37,357 63
		Geo. R. R. and Banking Co.....	90,000 00
		West and Atlantic R. R. Co.....	26,058 33
		" Bank Estate.....	
		" Real Estate.....	
		" Int. and Exp. on State Loans.....	
		" Foreign Exchange.....	
		" Domestic Exchange.....	
		" Judgments.....	
		" Drafts in transitu.....	
		" Specie.....	
		" Bills of this Bank.....	142,755 51
		do. other Banks.....	491,828 75
		" Baring, Brothers & Co.....	54,360 00
			4,956 97
	\$85,882,600 31		\$85,882,600 31





C.			
Dr.		Cr.	
Statement of the Branch Bank of the State of South Carolina, at Columbia,			
1846.	1846.	By Bills and notes discounted.	\$992,163 59
Oct. 1	Oct. 1.	“ “ “ in suit.	58,393 00
To amount due Parent Bank.	\$996,013 08	“ Amount of Bonds.	70,893 61
“ “ “ other Banks.	1,554 21	“ “ “ Bank Notes.	17,882 00
“ “ “ State Treasury.	31,462 52	“ “ “ Specie.	4,187 38
“ “ “ Nett profits of past year	49,824 82		
“ “ “ Deposits.	64,664 95		
	<u>\$1,143,519 58</u>		<u>\$1,143,519 58</u>

D.			
Dr.		Cr.	
Statement of the Branch Bank of the State of South Carolina, at Camden.			
1846.		1846.	
To amount due Parent Bank.....	\$481,739 05	By Bills and notes discounted.....	\$456 030 40
“ “ net profits of past year.....	26,057 37	“ “ “ in suit.....	37,919 53
“ “ due Merchant's Bank, N. Y.....	20,351 47	“ Bond account.....	45,165 10
“ Deposits.....	33,742 06	“ Cash “.....	22,774 92
	\$561,889 95		\$561,889 95

**E.**  
*State Treasurer for Sinking Fund of the State of South Carolina, for Redemption of 5 and 6 per Cent. Stock, and for*  
*Dr. payment of Interest thereon. Cr.*

		1845.		1846.	
Dec. 31	To paid one quarter's interest.-----	1845.	Oct. 1.	By Balance.-----	\$685,545 83
1846.	" " "-----	1846.	Jan. 5	" Amount received for January dividends on State Shares in South Western Rail Road Bank	4,000 00
Mar. 31	" " "-----			" " " July div-	4,000 00
June 30	" " "-----			idends on same.-----	
Sept. 30	" Amount paid for redemption of State Stock.-----		Sept. 30	" Amount transferred from profits of past year for redemption of capital, and payment of interest on debts.-----	95,000 00
	" Balance.-----				\$788,545 83
			1846.	By balance.-----	\$521,685 99
			Oct. 1.		

Dr.	Interest and Expenses on State Loan, under Act for re-building the City of Charleston.	Cr.
1845.	To Balance.....	
Oct. 1 1846.	" interest and expenses for dividends, for January, 1846, paid by Baring, Brothers & Co. to holders of State Bonds in London, £5,693 17, 6 a 9½.....	\$49,469 31
Mar. 9	Do. do. for July 1846, £5,093 17, 6 a 9½.....	55,587 04
Sep. 9	" Commission allowed Baring, Brothers & Co. on redemption of State Stock, £27,10 a \$4.44.....	43,898 36
30	" Paid for interest on 6 per ct. stock issued under Act for rebuilding City of Charleston, made redeemable in this State.....	
		\$148,954 71
1846.	To Balance.....	\$43,898 36
Oct. 1.		

## G.

*The Contingent Expense Account of the Bank of the State of South Carolina, 30th September, 1845, to 30th September, 1846.*

1846.		
Sep. 30	To Officers' Salaries.....	16,824 00
"	" Expenses on Specie.....	1,389 25
"	" Printing, Stationery, &c.....	405 75
"	" Repairs to old and new Banking Houses.....	257 42
"	" Postages.....	122 60
"	" Advertising and subscription to various papers.....	167 79
"	" Insurance.....	205 00
"	" Costs and Fees.....	579 87
"	" Hire of a Servant and Office expenses.....	256 12
"	" Offices of Clerk of Court, Register Mesne Conveyances, and Secretary of State.....	178 75
		<hr/> \$20,386 55

## H.

*The Contingent Expense Account of the Branch Bank at Columbia, from 30th September, 1845, to 30th September, 1846.*

1846.		
Sep. 30	To Officers' Salaries.....	7,600 00
	" Attorney's Fees.....	274 00
	" Repairs to Bank House.....	154 67
	" Advertising and Supscription to papers.....	65 25
	" Postages.....	53 10
	" Hire of Servant for the Bank.....	100 00
	" Insurance of Bank House.....	62 50
	" Expenses of Officers' visits to Charleston on Bank Business.....	131 00
	" Stationery, Blank Books, Fire Wood, &c. &c.....	143 18
		<hr/> \$8,583 70

## I.

*State Treasury for Loan under the Act for re-building the City of*

DR.	Charleston.	CR.
1846.		1845.
Sep. 30	To Balance, \$1,810,253 37	Oct. 1. By Balance, \$1,810,253 37
		1846.
		Oct. 1. By Balance, \$1,810,253 37

## K.

*The Contingent Expense Account of the Bank of the State of South Carolina, at Camden, from the 30th Sept. 1845, to 30th Sept. 1846.*

1846.		
Sep. 30	To Officers' salaries.....	6,300. 00
"	" Postages.....	17 53
"	" Printing, Stationery, &c.....	47 87
"	" Subscription to Papers and Advertising.....	16 39
"	" Office expenses, including fuel.....	26 50
"	" Travelling exp. of Ag't, to and from Charleston.....	49.50
"	" Repairs.....	8 22
		<hr/> \$6,466 01

## EXHIBIT L.

The following is a statement of the probable operation of the Sinking Fund, in payment of the Public Debt up to 1st January, 1852, when the last instalment of the 6 per cents., issued for the subscription to the Rail Road falls due.

Balance of the Sinking Fund held by the Bank on the 1st of October 1841.....	\$743,628 31	Amount brought forward, 736,628 31	
Profits of the year ending 1st October, 1841.....	106,000 00	Interest payable in 1845,.....	314,503 31
	<hr/> \$849,628 31		422,503 31
Stock redeemable and Interest payable during the year 1842.....	276,000 00	(a) Profits of year ending 1st October, 1845.....	100,000 00
	<hr/> \$573,628 31		<hr/> \$522,503 31
Profits of the year ending 1st October, 1842.....	100,000 00	Stock redeemable and Interest payable in 1846,.....	349,750 00
	<hr/> 673,628 31		172,753 31
Interest payable in 1843.....	73,500 00	(b) Profits of year ending 1st October, 1846,....	90,000 00
	<hr/> 600,128 31		262,753 31
Profits of year ending 1st October, 1843.....	100,000 00	Interest payable in 1847.....	46,000 00
	<hr/> 700,128 31		216,753 31
Interest payable in 1844.....	73,500 00	Profits of the year ending 1st October, 1847.....	90,000 00
	<hr/> 626,628 31		306,753 31
(a) Profits of year ending 1st October, 1844.....	110,000 00	Stock redeemable and Interest payable in 1848.....	240,000 00
	<hr/> 736,628 31		66,753 31
Stock redeemable and		Profits of year ending 1st October, 1848.....	80,000 00
			<hr/> 146,713 31

## EXHIBIT L.—CONTINUED.

Am't brought-forward..\$146,713 31	Interest payable in
In't. payable in 1849.....34,000 00	1851.....22,900 00
112,753 31	23,753 31
Profits of year ending 1st	Profits of year ending 1st
October, 1849.....80,000 00	October, 1851.....75,000 00
192,753 31	98,753 31
Profits of year ending 1st	Stock redeemable and Inter-
October, 1850.....78,000 00	est payable in 1852..\$213,000 00
\$270,753 31	Deduct the above balance
Stock redeemable and	in the Sinking Fund...98,753 31
Interest payable in	Balance to be provided
1850.....225,000 00	for.....\$114,246 69

The state of the Funds held by the Bank in Jan. 1852, will be as follows:

(c) Capital.....	\$1,156,318 48
(c) Surplus Revenue.....	200,000 00
(c) Fire Loan.....	2,000,000 00

3,356,318 48

Deduct the foregoing amount to be advanced to the Sinking Fund in January, 1852.....114,246 69

Leaves this balance to be then held by the Bank.....\$3,242,071 79

The following is a statement of the probable operation of the Bank, in payment of the Public Debt, after 1st January, 1852:

The profits of the Bank, after payment of the interest on the Fire Loan for the year ending 1st of October, 1852, may be assumed to be \$70,000 00

Profits of the year ending 1st October, 1853.....	70,000 00
" " " " " " 1854.....	70,000 00
" " " " " " 1855.....	75,000 00
" " " " " " 1856.....	75,000 00
" " " " " " 1857.....	80,000 00

Sinking Fund will then be.....\$440,000 00

(a) Note—These estimates of income were made previous to the surrender of the State Stocks, held by the Bank, and included the interest on the said Stock.

(b) Note—This amount varies from the actual state of the Sinking Fund. This is occasioned by the transfer of the surplus Revenue, \$200,000, to that fund, (to aid in the redemption of the Stock of 1826, which had not been chargeable on the Bank,) and by the deposit of dividends of the South Western Rail Road Bank Stock, under the Act of 1843, &c.

(c) Note—These three items will vary from these amounts. The capital of the Bank has been reduced by the redemption of a portion of the Three per cent. State Stock.—The Surplus Revenue has been transferred to the Sinking Fund, as above stated. The Fire Loan has been reduced by the redemption of a portion of the 6 per cent. Stock, and of the Bonds payable in London.

## EXHIBIT L.—CONTINUED.

On the 1st January, 1858, there will fall due one half of the 5 per cent. Sterling Bonds held in Europe (a part of the Fire Loan,) which, with charges and exchange, will amount to about. \$554,350 00  
Deduct the above amount of reserved profits of

Sinking Fund.....	440,000 00	
Will leave to be provided or supplied by the Bank from the funds in its charge, over and above profits.....		\$114,350 00
The profits of the year ending 1st October, 1858.....	\$75,000 00	
The profits of the year ending 1st October, 1859.....	75,000 00	
	<u>\$150,000 00</u>	

Six per cent. Stock, part of Fire Loan, which will fall due 1st January, 1860, amounts to. \$482,222 22

Deduct the two years profits of Sinking Fund. 150,000 00

Will leave to be supplied by the Bank from the funds in its charge, over and above the profits on hand.....

Profits of the Bank for the year ending Oct. 1860.....	\$60,000 00	
" " " " " " 1861.....	60,000 00	
" " " " " " 1862.....	60,000 00	
" " " " " " 1863.....	65,000 00	
" " " " " " 1864.....	65,000 00	
" " " " " " 1865.....	70,000 00	
" " " " " " 1866.....	70,000 00	
" " " " " " 1867.....	70,000 00	
	<u>\$520,000 00</u>	

On the 1st of January, 1868, the balance of the 5 per cent.

Bonds held in Europe will fall due, amounting to \$554,350 00

Deduct the above amount of reserved profits or

Sinking Fund.....520,000 00

Will leave to be supplied from funds held by the

Bank.....34,350 00

Profits of the year ending 1st October, 1868.....\$70,000 00

" " " " " " 1869.....70,000 00

\$140,000 00

Six per cents. which will fall due on the 1st January, 1870, (balance of the Fire Loan) amount to.....\$482,222 22

Deduct above amount of reserved profits or Sinking Fund.....140,000 00

Leaves to be supplied by the Bank from the funds

held by it, over and above profits.....\$342,222 22

Making the sum of.....\$823,144 44

the entire amount required to be advanced to take up the debts of the State.



## EXHIBIT L.—CONTINUED.

The Funds to be held by the Bank on the 1st October, 1852,  
it has been shown, would amount to about.....\$3,242,071 79  
Deduct the above amount to be supplied out of said funds  
to take up the Public Debt.....823,144 44

Leaving funds to the amount of.....\$2,418,926 35  
after final payment of the State Debt.

The following then will be a synopsis of what will have been the operation of the Bank from the date of its institution to the 1st January, 1870:

## FUNDS RECEIVED BY THE BANK.

For Capital.....	\$1,372,250 60
Surplus Revenue of United States.....	1,051,422 09
Fire Loan.....	2,000,000 00
	<hr/>
	\$4,423,672 69

## DEBTS PAID BY THE BANK.

6 per cents. and 3 per cents. Revolutionary Debts.....	\$215,932 12
Paid on State subscriptions to Rail Road.....	200,000 00
“ 6 per cents. of 1820.....	800,000 00
“ 5 per cents. of 1822.....	200,000 00
“ 5 per cents. of 1824.....	250,000 00
“ 5 per cents. of 1826.....	300,000 00
“ 6 per cents. due 1848, Rail Road subscription.....	200,000 00
“ 6 per cents. due 1850, do do.....	200,000 00
“ 6 per cents. due 1852, do do.....	200,000 00
“ 5 per cents. Sterling Bonds, Fire Loan.....	554,350 00
“ 6 per cent. Stock do.....	482,222 22
“ 5 per cent. Sterling Bonds do.....	554,350 00
“ 6 per cent. Stock do.....	482,222 22
	<hr/>
	4,639,076 56
Deduct Funds received for the State.....	4,423,672 69

	<hr/>
	\$215,403 87
Add balance of Funds remaining on hand.....	2,418,927 35

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\$2,634,331 22

The above statement exhibits the operation of the Bank with respect to the funds received from the State, in the form of principal or capital.

The interest account is separate and requires a further statement.

During the first eight years after the Bank was established, it paid in cash into the Treasury, (see Annual Statements of the Comptroller,).....\$592,001 28  
Subsequently—up to the 1st of October, 1843, the Bank has paid to the holders of State Stock for Interest.....2,004,884 63  
Interest payable by the Bank up to the 1st January, 1852, as estimated in the foregoing statement of the Sinking Fund,.....367,375 00

Interest payable on the Fire Loan debt from the 1st October, 1843, to 1st January, 1858, when first payment falls due.	1,784,250 00
Interest payable on Fire Loan debt from 1st January, 1858, to 1st Jan. 1860, when one half of the 6 per cents. falls due.	175,000 00
Interest payable from 1st January, 1860, to 1st January, 1868, when the balance of the Sterling Bonds fall due.	468,000 00
Interest payable from 1st January, 1868, to 1st January, 1870, when the balance of the 6 per cents. fall due.	58,000 00

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\$5,449,510 91

It therefore appears, that the Bank will have paid for Interest, either directly into the State Treasury or to the Creditors of the State, the sum of.....\$5,449,510 91

That the State Treasury will not have paid one dollar of the above Stocks, either principal or interest, but that the Bank will have paid for interest.....5,449,510 91

Debts to the amount of.....4,639,076 56

And will have on hand a balance of.....2,418,927 35

And that to effect these operations, the only means it has received from the State, are the several sums above stated, which amount in the aggregate to.....4,423,672 69

One other mode of illustrating the action of the Bank is added, combining a general Interest account with the receipts and payments on account of Capital, viz:

The entire amount of funds received from the State, and used by the Bank as Capital, at various times, and for various periods.....\$4,423,672 69

On the several items of this aggregate, Interest is calculated for the time the Bank has had them, occasionally making rests, and adding profit to Capital, and adding Interest on such sums. The Interest chargeable to the Bank up to 1870, calculated in the above manner.....6,300,000 00

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The Bank to be charged to 1870, with.....\$10,723,672 69

The Bank has paid for the State, and in 1870 will have paid to the amount of.....\$4,639,079 56 for the principal of Debts.

Interest on said debts, as exhibited in the above statement of Interest account.....5,449,510 91

Assets on hand in 1870, as Capital, as shown above.....2,418,929 35

---

12,507,512 82

Leaving, as clear gain to the State in 1870, by the operation of the Bank.....\$1,783,842 13

To exhibit precisely the rate of profit made by the Bank during the above operations would require a complex statement and calculation, which would not tend to elucidate the general view of the Bank operations in redemption of the public debt. It is partially exhibited in the "Bank Compilation," page 218, (241,) and in the Report of the President at page 405, (455,) of said Compilation.

(1847.)

*To the Honorable the Senate and House of Representatives of the State of South Carolina.*

The President and Directors of the Bank of the State of South Carolina respectfully report :

That during the year ending on the 30th September, 1847, the profits of the Bank have amounted to \$303,252. 01

*Of this there was applied*

To interest and expense of Fire	}	\$73,802 44
Loan in Europe,		
To interest 6 per cents at home,		47,485 20
To Profit and Loss,		19,964 37
Carried to Sinking Fund,		162,000 00

\$303,252 01

It will be observed, that \$17,215 40 more has been applied to expense account on Fire Loan in Europe in this than in the last year. This is in pursuance of the provision of the Act of June 1838, which has been heretofore fully explained in the Annual Report of 1843.

In submitting the present statement, the Board feel that they have good cause for congratulating the Legislature, not so much on the results of this year's operations of the Bank, as on the fruits of that wise policy, which, by sustaining it in periods of adversity, reaps now a double reward in the prosperity of the country and its enlarged profits.

Under the continuance of a just fostering care, there is every reason to believe the institution will continue to discharge all the obligations and fulfil all the duties imposed on it by the State.

The first instalment of the six per cents, issued under the Act of 1839, for an advance on the State's subscription to the Rail Road Company, falls due on the 1st of January next, amounting to \$196,873 71. The Bank is prepared to pay off the amount whenever presented.

In obedience to the resolution of 15th December, 1843, requiring this Board to report, from time to time, what steps it has taken to purchase up and extinguish the public debt, they inform the Legislature, that orders heretofore existing with their agent in England, to purchase the Fire Loan Stocks whenever they could be procured at fair prices, have been continued and renewed—but the rates at which they are held, owing to the good credit of the State, have been so high that none could be purchased. The Board have felt the less regret at this, as the payment due in January is as heavy as the Bank can meet at any one time, without creating derangement in its regular business.

A sense of duty compels the Board again to renew to the Legislature its recommendation in regard to the collection of debts, made in 1841, in 1843, and again in 1846. To the correctness of the views expressed in these several reports, time and experience have added stronger convictions; and the attention of the Legislature is again earnestly invoked to the subject.

The last instalment of the advance of six per cents to the Rail Road, made in 1839, is due on the 1st of January, 1852. After that, no other public debt is due until January 1858, a period of six years, when the first instalment of the Fire Loan is due in England,—two years after, in 1860, the second instalment is due,—eight years after, in 1868, the third; and

in 1870, the fourth and last instalment is payable. These instalments average nearly \$500,000, being in amounts which all experience admonishes us are too great to fall upon the Bank in single payments. If instead of delaying from 1852 to 1858, the Bank could be allowed to break these heavy instalments into annual payments of about \$100,000, commencing on the 1st January 1853, the board feel confident it would be best both for the Bank and the State. But as both the amounts and times of each payment are fixed by law and the contracts with the public creditors, and can only be changed by joint consent, the Board respectfully submit to the consideration of the Legislature, whether measures should not be adopted to effect such arrangements with the holders of this Stock as will accomplish so desirable an object.

F. H. ELMORE, *President*.

A.			Annual Statement.—Bank of the State of South Carolina, 1st. October, 1847.		Cr.	
Dr.						
To Capital.....	\$1,453,671 00		\$1,123,357 73	By Bills and Notes discounted.....	\$2,835,476 01	
" Bank notes issued.....	78,395 38			" Notes and Bonds in suit.....	197,109 14	\$3,032,586 15
" do do in change.....	28,970 00		1,562,036 38	" Bonds secured by mortgages.....	570,582 10	
" do do at Columbia.....	161,971 15			" do do under Act for re-building } the City of Charleston..... }		
" State Treasury.....				" Bank of Charleston Stock.....	826,050 97	1,396,603 07
" State Treasurer for Sinking Fund for } payment of interest and redemption of }				" Commercial Bank do.....	103,400 00	
" State debt.....	491,022 77			" S. W. Rail Road do. do.....	30,288 26	
" Discount, Interest &c. transferred to }				" do do. 6 per cent. do.....	2,500 00	
" Sinking Fund.....	162,000 00		653,022 77	" S. C. Rail Road Co. do.....	101,481 48	
" State Treasury for Loan under Act for } re-building the City of Charleston..... }			2,564,347 29	" do do. Bonds.....	27,444 44	
" Merchant's Bank New York.....			14,539 25	" Geo. R. R. & Bank Co. do.....	37,357 63	
" Drafts in transitu.....			16,554 12	" Western & Atlantic R. R. Co. do.....	90,000 00	
" Deposits.....			576,240 44	" City of Montgomery, do.....	41,000 00	434,281 81
				" Bank of England.....	400 00	
				" Real do.....	66,608 08	115,070 27
				" Judgments.....	48,462 19	19,035 00
				" Interest and expenses on State Loan.....		24,377 53
				" Foreign Exchange.....		41,889 15
				" Domestic do.....		14,224 42
				" Baring, Brothers & Co.....		7,993 78
				" C. J. Hambro & Son.....		9,379 98
				" Drafts in transitu.....		3,548 59
				" Specie.....	290,398 46	
				" Bills of this Bank.....	409,314 00	
				" do. other Banks.....	58,454 00	758,096 46
						\$5,857,075 21

B.			Statement of the Bank of the State of South Carolina, Charleston, 1st October. 1847.		Cr.	
Dr.						
To Capital.....			\$1,123,357 73	By Bills and Notes discounted.....	\$1,380,731 75	
" Bank Notes issued.....	\$1,453,671 00			" Do do in suit.....	146,697 56	\$1,527,429 31
" Do. do. in change.....	78,395 38			" Bonds secured by Mortgage.....	474,105 71	
" Do. do. at Columbia.....	29,970 00		1,562,036 38	" Do do. under Act for re-building City	826,050 97	1,300,156 08
" Net Profit.....			224,251 99	" Specie:.....	271,774 52	
" State Treasury.....	63,460 26			" Bank Notes: do.....	294,272 00	
" Do. do. for Sinking Fund.....	491,022 77			" Do do. and Specie, Tellers.....	79,393 21	645,439 73
" Do. Loan for re-building City.....	1,810,253 37		2,364,736 40	" Columbia Branch Bank.....	971,319 36	
" Deposits.....			433,968 50	" Camden do. do.....	461,763 25	1,433,082 61
				" Bank of Charleston Stock.....	103,400 00	
				" Commercial Bank do.....	400 00	
				" South-Western Rail Road Stock.....	30,298 26	
				" Do. do. do. 6 pr. c. do.....	2,500 00	
				" South Carolina Rail Road Co. do.....	101,481 48	
				" do. do. do. Bonds.....	27,444 44	
				" do. do. sterling Bonds.....	37,357 63	
				" Geo. Rail Road and Banking Co. do.....	90,000 00	
				" West. & Atlant. Rail Road do.....	41,000 00	434,281 81
				" City of Montgomery do.....	400 00	
				" Bank Estate.....	66,608 08	
				" Real do. do.....	48,462 19	
				" Judgments.....		
				" Interest and Expenses State Loan.....		115,070 27
				" Interest 6 per cents do.....		19,025 00
				" Baring, Brothers & Co.....		98,179 97
				" C. J. Hambro & Son.....		47,485 20
				" Foreign Exchange Account.....		7,993 78
				" Domestic Exchange do.....		9,379 98
				" Merchants' Bank, New York.....		41,889 15
						14,224 42
						14,713 09
			\$5,708,351 00			\$5,708,351 00

C. M. FURMAN, Cashier.

C.  
*Statement of the Branch of the Bank of the State of South Carolina, at Columbia, 1st Oct. 1847.*

		1847		
		Sept. 30.	Amount of specie on hand.	
Amount due Parent Bank.	-----	"	"	" bills of the Mother Bank.
" " Merchants' Bank, N. Y.	-----	"	"	" " of other Banks.
" " Branch Bank, Camden.	-----	"	"	" " and notes discounted.
" " State Treasury.	-----	"	"	" " " in suit.
" " of nett profits.	-----	"	"	" Bonds.
" " Personal Deposits.	-----	"	"	
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## D.

*Statement of the Branch of the Bank of the State of South Carolina, at Camden, October 1, 1847.*

To Parent Bank,-----	\$461,491 25	By bills and notes discounted,-----	\$412,886 59
" " nett profits,-----	23,913 99	" " " " in suit,-----	34,500 03
" " deposits,-----	38,144 35	" Bonds,-----	35,838 74
	<hr/>	" Branch Bank, Columbia,-----	38 87
		" Merchants' Bank, N. Y.,-----	1,176 71
		" Specie,-----	11,319 65
		" Bills of Parent Bank,-----	26,790 00
		" Bills of other Banks,-----	999 00
	<hr/>		<hr/>
	\$523,549 59		\$523,549 59





Dr.	Interest and expenses on State Loan under Act re-building City of Charleston.	Cr.
1846. Oct. 1.	To Balance.....	1847. Sept. 30. By
1847. Mar. 20.	Interest and expenses for dividends for January, 1847, paid by Baring, Brothers & Co. to holders of State Bonds in London £5,693 17 6, at 7 per cent. premium.....	Discount account for this amount transferred to this Account for payment of interest on 6 per cent. Stock.....
Aug. 6	Do. do. do. for July, 1847, £5,693 17 6, at 7½.....	Discount Account for this amount transferred to this Account for payment of interest on 5 per ct. Bonds in Europe, and in part to meet advances made by Bank.....
Sept. 30.	Paid interest on 6 per cent. stocks issued under Act for rebuilding the city of Charleston, made redeemable in this State.....	Balance.....
1847. Oct. 1.	To Balance.....	
	47,485 20	47,485 20
	145,665 17	145,665 17
	24,377 53	24,377 53

C. M. FURMAN, *Cashier.*

## G

Dr. *State Treasury, for Loan under Act for re-building the* Cr.  
*City of Charleston.*

1847.

Oct. 1. By balance from  
last year,-----\$1,810,253 37

C. M. FURMAN, *Cashier.*

## H

*Contingent Expense Account of the Bank of the State of South Carolina, 1st October, 1846, to 1st Oct. 1847.*

1847.

Sept. 30. To Officers' Salaries.....	\$16,961 00
" Expenses on Specie.....	1,948 33
" Attorney General and Solicitors.....	1,306 52
" Printing Bank Notes.....	722 50
" Office expenses and hire of servant.....	660 64
" Costs and Fees.....	659 76
" Books, Stationery, &c.....	546 92
" Offices of Clerk of Court and Register Mesne Conveyance.....	379 47
" Repairs to Old and New Banking House.....	333 13
" Insurance.....	276 85
" Post Office.....	181 14
" Subscription to Papers and Advertising.....	110 05
	<hr/> \$24,086 31

## - I

*Contingent Expense Account of the Branch of the Bank of the State of South Carolina, at Columbia, from 30th Sept. 1846, to 30th Sept. 1847.*

Officers' Salaries.....	7,600 00
Attorney's Fees.....	31 16
Repairs to Bank House.....	50 75
Advertising and subscription to Papers.....	62 87
Postages.....	71 16
Hire of Bank servant one year and six months.....	150 00
Insurance.....	62 50
Officers' Expenses on Bank business to Charleston.....	40 50
Stationery, Blank Books, Fire-Wood, &c. &c.....	341 19
	<hr/> \$8,410 13

## J

*Account of incidental expenses of the Branch of the Bank of the State of South Carolina, at Camden, for the year ending on the 30th September, 1847.*

		Stationery.	General Expenses.
1846.			
Dec. 1.	To paid E. A. Salmond for ten cords Fire Wood.....		30 00
1847.			
Jan. 7.	" Thomas J. Withers his fee, as Bank Solicitor, for 1846.....		300 00
" 9	" Subscription to the Charleston Daily Mercury, to 23d April, 1847.....		10 00
" 16	" for repairs on Kitchen chimney.....		1 62
" 20	" Thos. W. Pegues for blank Drafts.....	7 50	
" "	" do for advertising.....	2 00	
" 26	" for recording in the office of the Secretary of State.....		3 50
" 30.	" J. D. Murray for stationery.....	6 25	
Feb. 11	" for mourning Crape and Ribbon, (J. Patterson).....		2 50
Mar. 4	" J. R. McKain for paper.....	1 00	
" 25	" for Banker's Magazine, from Nov. 1846, to Oct. 1847.....		3 00
Ap'l. 1	" Postages.....		2 00
" 21	" J. R. McKain for a Discount Book, and Renewal Statement Book.....	40 50	
May 7	" Subscription to Charleston Mercury, to 23d April, 1848.....		10 00
June 19	" Thos. W. Pegues for Blanks.....	12 50	
July 8	" Postages.....		5 00
Aug. 14	" the Camden Journal for advertising.....		3 75
	Stationery.....	69 75	
	General Expenses.....		371 37
	Total of incidental expenses.....		441 12
Branch Bank S. S. C. Camden.		THOMAS SALMOND, President. D. L. DeSAUSSURE, Cashier.	

## K

*Account of Officers's Salaries paid at the Branch of the Bank of the State of South Carolina, at Camden, for the year ending on the 30th Sept. 1847.*

Thomas Salmond, President.....	1900
D. L. DeSaussure, Cashier.....	1500
Jesse S. Nettles, Discount Clerk.....	1400
Burwell B. Salmond, Out Door Clerk.....	1200
	<b>\$6000</b>
Branch Bank S. S. C. } Camden. }	
THOMAS SALMOND, President. D. L. DeSAUSSURE, Cashier.	

Table showing the Principal Features of the Operations of the Bank of the State of South Carolina, from its commencement to the 1st. October, 1847.

YEARS.	Amount paid in for Capital during the year.	Actual Capital, averaging that paid in for the six first years.	Interest on Capital at 7 per cent.	Average of Capital, Sinking Fund, Surplus Revenue & Fire Loan.	Issues.	Circulation.	Average of Dep'ts
1814	265,900 14	179,223 46	12,545 64	179,223 46	512,800	460,000	241,620 57
1815	338,807 14	297,363 68	20,814 75	297,363 68	598,350	690,000	290,708 51
1816	444,973 59	391,890 39	27,432 33	391,890 39	951,440	750,000	218,346 00
1817	722,879 05	583,926 35	40,874 84	583,926 35	508,192	830,000	593,573 35
1818	1,082,866 07	887,873 59	62,151 07	887,873 59	1,681,337	1,440,000	377,476 55
1819	1,372,250 00	1,124,543 37	78,718 03	1,124,543 37	1,492,400	1,100,000	316,594 36
1820	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,160,000	263,860 88
1821	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,030,185	298,273 52
1822	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,074,856	294,356 47
1823	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,095,815	341,901 31
1824	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,426,110	385,215 81
1825	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,157,105	360,500 51
1826	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,009,607	336,739 29
1827	1,196,220 65	1,196,220 65	83,735 44	1,196,220 65	1,945,512	1,033,897	390,117 24
1828	1,176,269 56	1,176,269 56	82,338 86	1,176,269 56	1,840,545	1,034,570	400,226 88
1829	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,650,995	1,082,695	398,438 78
1830	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,715,295	1,243,060	351,517 15
1831	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,896,374	1,185,744	429,751 06
1832	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,862,442	1,273,892	417,493 77
1833	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,727,370	1,208,270	416,423 77
1834	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,596,720	1,173,370	770,120 08
1835	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,635,485	1,118,270	799,248 35
1836	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,632,920	649,024	838,528 42
1837	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,562,115	645,631	614,119 06
1838	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,590,000	563,270	499,120 52
1839	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,756,750	453,480	490,057 44
1840	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	886,880	554,455	490,768 88
1841	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	964,100	669,000	460,639 30
1842	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,136,620	777,927	448,317 57
1843	1,156,318 48	1,156,318 48	80,942 29	1,156,318 48	1,971,966	892,691,50	631,468 54
1844	1,123,357 73	1,123,357 73	78,535 04	1,123,357 73	1,390,826	1,019,090	574,977 84
1845	1,123,357 73	1,123,357 73	78,535 04	1,123,357 73	1,482,126	960,303	691,786 13
1846	1,123,357 73	1,123,357 73	78,535 04	1,123,357 73	1,562,036,38	1,159,723,38	576,240 44
1847	1,123,357 73	1,123,357 73	78,535 04	1,123,357 73			

[TABLE—CONTINUED.]

YEARS.	Amount of Profits after deducting losses.	Rates of Profits on original capital.	Rates of Profits on average in Column Four.	Amount carried to Profit and Loss.	Amount of Notes, Bills, &c. discounted.	Amount of Bonds and Mortgages.	Bonds, Bills, and Notes in suit and Judgment.
1814	3,352 21	1 85	1 85-100		601,660 23	118,696 39	
1815	48,900 71	16 33	16 34-100		879,284 48	153,729 94	
1816	63,092 69	16 08	16 08-100		1,272,872 15	135,387 74	
1817	76,507 91	13 06	13 06-100		1,551,495 07	189,509 39	
1818	105,888 07	12 47	11 92-100	4,900 00	2,372,632 99	108,883 93	50,527 19
1819	107,593 95	11 14	9 56-100	18,790 00	2,336,050 78	89,133 24	25,020 19
1820	100,287 37	8 06	8 38-100		1,952,212 71	69,786 15	4 60-100
1821	86,582 38	8 38	7 23-100	9,922 00	2,065,984 78	54,501 30	8 38-100
1822	120,072 18	10 11	10 02-100	970 00	2,249,722 72	53,013 25	100 68-100
1823	113,207 61	9 46	9 44-100		2,532,382 72	48,265 03	127,760 00
1824	116,350 88	9 72	8 54-100	6,975 00	2,754,319 31	68,521 08	9 14-100
1825	115,042 96	9 61	8 10-100	17,133 92	2,795,824 99	71,933 82	8 10-100
1826	70,500 00	5 89	4 16-100	44,684 72	2,699,984 59	112,532 49	8 70-100
1827	75,000 00	6 27	5 11-100	47,693 81	2,615,784 60	115,472 43	9 67-100
1828	113,802 95	9 67	7 90-100	13,437 42	2,726,922 11	115,878 62	9 24-100
1829	112,000 00	9 68	7 74-100	13,485 89	2,630,632 79	103,523 89	140,285 49
1830	112,182 04	9 70	8 12-100	18,298 23	2,685,159 85	124,342 57	143,770 43
1831	120,000 00	10 37	8 10-100	28,126 93	2,837,234 74	143,123 52	147,691 71
1832	120,000 00	10 37	7 81-100	20,925 65	2,637,482 14	191,873 58	248,400 38
1833	120,000 00	10 37	7 64-100	28,455 90	2,469,018 77	418,196 56	280,538 00
1834	105,233 45	9 10	6 55-100	37 68	2,296,314 35	500,082 84	162,328 68
1835	120,000 00	10 37	7 39-100	90,685 60	2,101,294 53	631,112 98	173,188 53
1836	135,000 00	11 67	8 13-100	9,472 99	2,461,671 59	569,282 03	120,200 37
1837	201,225 37	17 40	9 30-100	3,810 36	3,161,985 53	665,078 15	116,860 51
1838	186,530 84	16 99	7 07-100		2,835,529 22	780,736 43	200,898 24
1839	210,000 00	18 16	5 77-100	11,819 45	2,814,611 22	683,611 59	9 09-100
1840	153,869 44	13 30	4 18-100	28,657 33	2,252,768 54	670,991 24	214,553 82
1841	212,871 13	18 37	5 15-100	24,046 71	2,244,675 20	701,162 31	250,908 74
1842	210,769 42	18 37	5 32-100	6,585 21	2,320,065 19	694,309 48	220,663 26
1843	226,632 17	19 59	5 65-100	23,243 86	2,171,084 27	631,119 97	192,597 41
1844	211,415 23		6 07-100	19,832 39	2,595,643 52	604,158 46	299,898 87
1845	220,000 00		6 24-100	21,290 91	2,700,473 41	585,099 11	181,941 61
1846	200,056 35		5 92-100	27,607 61	2,789,661 22	575,016 64	201,158 63
1847	283,287 64		8 56-100	19,964 45	2,835,476 01	570,558 10	186,369 29
							197,109 14

[TABLE—CONTINUED.]

YEARS.	Stocks owned by Bank.	Amount of Sinking Fund.	Amount of Surplus Revenue.	Amount of Fire Loan Fund.	Bonds on Fire Loan.
1814					
1815	52,640 00				682,335 04
1816	127,228 98				932,860 60
1817	293,878 45				1,040,569 00
1818	106,599 82				1,016,596 25
1819	115,338 03				1,021,911 87
1820	115,003 14				981,294 14
1821	125,416 85				821,968 45
1822	242,209 66	120,072 18			898,591 82
1823	293,878 45	193,682 06			820,060 97
1824	134,377 57	253,067 57			
1825	134,562 10	306,326 81			
1826	134,562 10	306,006 99			
1827	134,562 10	306,360 64			
1828	101,400 00	335,180 26			
1829	106,943 67	363,251 31			
1830	112,779 55	389,667 21			
1831	113,151 55	422,662 66			
1832	184,556 67	456,883 15			
1833	260,967 21	491,409 76			
1834	269,760 57	510,509 15			
1835	217,820 64	545,703 71			
1836	368,527 30	596,360 25			
1837	236,961 30	711,939 83	1,001,422 09	168,042 62	
1838	315,419 83	824,833 38	901,422 09	1,045,438 70	
1839	611,865 45	948,058 39	901,422 09	2,000,000 00	
1840	873,256 11	819,228 97	200,000 00	2,000,000 00	
1841	719,964 65	849,628 31	200,000 00	2,000,000 00	
1842	630,718 64	679,200 54	200,000 00	2,000,000 00	
1843	700,305 50	741,120 64		1,843,586 70	
1844	398,061 83	777,984 38		1,840,258 37	
1845	449,104 44	686,545 83		1,810,253 37	
1846	462,826 39	521,685 99		1,810,253 37	
1847	434,281 39	683,022 77			

[TABL F—CONTINUED.]

YEARS.	PAID FROM PROFITS AND OTHER FUNDS.		PAID FROM CAPITAL, for Three and Six per Cent Stock for Revolutionary Debt funded.	
	Into the State Treasury.	Interest on Public Debt. Stock of 1820, and Five per Cent Stock of 1822.	Public Debt—Six per cent Stock of 1820, and Five per Cent Stock of 1822.	
1814				
1815	3,325 20			
1816	48,900 71			
1817	63,022 69			
1818	76,507 91			
1819	105,838 07			
1820	107,593 95			
1821	100,287 37			
1822	86,525 38			176,023 95
1823				
1824		39,617 73		
1825		56,945 07		
1826		61,783 73		
1827		70,819 82		
1828		74,646 35		
1829		84,983 33		
1830		83,928 95		
1831		86,766 14		
1832		86,814 53		
1833		86,969 53		
1834		85,473 37		
1835		86,134 08		
1836		84,805 44		
1837		84,343 45		
1838		85,645 79		
1839		83,637 29		
1840		86,774 99		
1841		135,320 99		
1842		181,267 75		
1843		180,534 19		
1844		183,673 11		
1845		175,609 96		
1846		164,129 43		
1847		150,437 68		
		159,440 86		
			798,795 96	
			1,204 04	
			300,000 00	
			206,931 53	
			156,319 32	
			321,476 51	
			1,510 00	
				32,960 75

REPORTS  
OF THE  
PRESIDENT OF THE BANK  
IN ANSWER TO SPECIAL CALLS.

(1841.)

*Communication from the President of the Bank of the State of South Carolina, in relation to the salaries of the Solicitors.*

COLUMBIA, Dec. 4th 1841.

\* *To the Honorable the President and Members of the Senate.*

The report of the committee appointed to investigate the affairs of the Branch Bank at Columbia, laid upon your table yesterday, contains an error in regard to the Board of the parent Bank, which justice to them requires should be corrected. I endeavored to have the correction made before the printing of the report; and while it was yet preparing for publication, had a personal interview with the Chairman of the committee for that purpose, to whom I pointed out the error referred to, and furnished a written statement of facts. The report has since been laid upon your table printed, and without correction, and as no other means of correcting the error remains, I ask leave of your Honorable body to submit the following facts.

The error referred to is that in which, on the fourth page of the printed report, in commenting on the employment of the Solicitors as Attorneys of the Bank, the committee state that after the Branch had earnestly urged a repeal of the regulation employing them, and its Board had "finally, on the 23d of July, 1840, passed a Resolution disapproving of the said regulation, which was transmitted to the parent Bank, and no action had upon it until some time in March last, when the said salaries were discontinued, and this Branch left to select and pay its own counsel."

The facts in relation to that matter are these: *Immediately* after taking charge of the Bank, under your election, as its President, I took into consideration the system for the collection of our debts. I found the Solicitors were employed as retained counsel, at salaries of \$300 per annum each. I was not satisfied that it was the best arrangement, but not being disposed to make changes unadvised, and as the year had already

\* A similar communication was sent to the House of Representatives.



begun, and their right to the salary was vested for the year 1840, I directed my attention to devising, for the future, a better system; inquiries were directed by the Board to be made through me at such sources as would give them the best information. I was in Columbia in July, 1840, and attended a meeting of the Board of the Branch Bank, brought the subject before them, and finding they unanimously opposed the system, suggested the very resolution, as indicating their opinion, which is referred to in the report of the committee. It was forwarded to the Board at the parent Bank, but so far from there being no action on it until March, 1841, the subject received a great deal of attention—was referred to a committee—and finally, the Board informally instructed me to bring the subject before the Legislature, and to endeavor to procure an alteration of the law which would enable us to simplify the collection of our debts. The Committee of Ways and Means of the House of Representatives, and of Finance in the Senate, will bear witness that their directions were at the last session attended to by me. A bill for the purpose passed two readings in the Senate, but was not acted on in the House. Immediately upon its failure, I wrote, in December, 1840, to the Board in Charleston, informing them of the fact, and advised some immediate action. The Board promptly passed a resolution dissolving the connection with the solicitors, and informed them of it; as those of them now here can testify, and as one of them did state to the Chairman of the Committee of the House of Representatives. No Solicitor is, or has been, in the pay of the Bank at the salary of \$300 during any part of the year, 1841, nor has one cent been paid on that account for 1841. The salary of one of them for 1840, was not drawn until since the commencement of the fiscal year of 1841, a circumstance explained, as the President of the Branch informs me, by himself, to the Chairman of the Committee of the House of Representatives.

Respectfully submitted,

F. H. ELMORE,

President of Bank of the State of South Carolina.

(1841.)

*Report of the President of the Bank of the State of South Carolina, in obedience to a Resolution of the General Assembly, on the Bonds due at the Parent Bank, and the Branch at Columbia.*

*To the Honorable the President and Senate, and Speaker and House of Representatives.*

In obedience to the resolution of your Honorable body of the 18th December, 1840, I have the honor to lay before you the accompanying statements of the number of bonds due at the parent Bank, and at the Branch at Columbia, and such as are becoming due, with the year in which they respectively fall due—the original amount of said bonds, and the amount

remaining unpaid on the 1st October last. No report has been rendered yet from the Camden Branch, but as soon as received, it shall be laid before the Legislature.

It will be seen by reference to the statement of the parent Bank, marked A, that since 1830, three hundred and twenty bonds have come into that Bank. Of these, two hundred and sixteen have been finally settled; nine have been sent to suit, and are in progress of collection; and ninety-five remain in the bond account. That of those remaining in Bank, the original amount was nine hundred and nine thousand four hundred and seventy-three dollars thirty-three cents, (\$909,473 33) and that besides interest paid in, there has been collected of principal, three hundred and two thousand nine hundred and one dollars seven cents. (302,901 07)

I have further to report to your Honorable Body, that strenuous efforts have been made by the Board, to carry out your instruction contained in the resolution of the same date, requiring them "to call in the bonds held by the Bank, and which are past due, as speedily as the circumstances of the country and of the individual debtors, will permit." The circumstances of the country are known to have been exceedingly embarrassed, and those of the individual debtors, in many instances, were not less so. Where a failure to pay resulted from unavoidable misfortune, such as loss of crops, or other accidental disabilities, which, in time, the industry and proper exertions of the party might remedy, and where the disposition to make all proper exertions were satisfactorily shown to the Board, they considered that they acted conformably to your instructions, and for the best interests of the Bank, the State, and its citizens, by giving such indulgence as the circumstances of each case required. They endeavored to exercise the same judicious discretion which a prudent and humane creditor would always pursue as an individual, where debts would be endangered, and sometimes lost, if forced to the extremity of immediate collection; but which are often rendered perfectly safe, by either procuring additional security, and enabling the party to work out of his difficulties, or by saving his property to better times, when its value may be obtained for it. A course of rigorous exaction which makes no allowance for misfortunes, and has no forbearance for those who have unhappily been caught, heavily burthened with debt, by the sudden change of a period of great prosperity into one of extreme hardship and pressure, and which would give no time nor opportunity for industry and economy to work through their difficulties, would, it is true, force large sums into your Bank, to be again employed in loans, discounts or dealings in exchanges; but it will be equally clear, that the Commonwealth would be injured, the estates of debtors sacrificed, and the property of every other citizen greatly lessened in value, by the quantity forced upon the market at ruinous prices. The natural consequence of such action, on the part of the Bank, which is the largest creditor in the State, would be to alarm all confidence, and to cause other Banks and large creditors to rush into a like course, causing immense amounts of property to change hands at nominal prices, involving many families in wide spread ruin, and sending your slaves in crowds, to improve by their labor, other States, while nobody would be benefitted by the operation, but those who are out of debt and in the command of money and who can stand by in the general wreck, and buy up the property thus needlessly forced into market.

The increase apparent in the Bond account, has not arisen from original

loans; but from Bonds received in payment of property sold for debts due to the Bank, or as additional and collateral security for debts already subsisting.

All of which is respectfully submitted, by

F. H. ELMORE,

President Bank State of South Carolina.

A

*Statement of Bonds due at the Bank of the State, in Charleston, on the 1st October, 1841.*

	No. of Bonds.	Original Amount.	Balance Unpaid.
Dec. 1834	1	\$5,000 00	\$3,416 86
" 1835	1	4,165 38	2,808 37
" 1836	2	25,500 00	7,489 36
" 1837	3	19,788 00	7,572 65
" 1838	13	86,050 27	35,390 37
" 1839	20	181,230 00	111,575 35
" 1840	14	207,740 00	105,336 19
" 1841	19	142,211 52	125,442 75
Not due	22	238,287 66	207,560 37
	95	\$909,473 33	\$606,572 26

The principal of the above Bonds has been reduced, by payments, \$302,901 07.

From 1830 to the present time, the Bank has held three hundred and twenty Bonds, of which two hundred and sixteen have been finally settled. Nine have been transferred to Suit account, and are in process of collection. Ninety-five remain in Bond account. Of a portion of these, the Bank has taken measures to enforce payment. The above statement alludes to the year when the whole bond became due.

C. M. FURMAN, Cashier.

B

*Statement of Bonds due at the Branch Bank, Columbia, on the 1st of October, 1841.*

	No. of Bonds.	Original Amount.	Balance Unpaid.
Dec. 1833	1	\$3,275 38	* 33 22
" 1835	2	9,588 50	6,965 00
" 1837	1	2,725 00	2,725 00
" 1838	3	17,327 00	19,780 23
" 1840	1	810 00	450 00
" 1841	1	8,339 00	6,000 00
Not due,	1	6,817 00	2,538 14
In suit, judgment,	1	12,000 00	12,000 00
	11	\$60,881 88	\$40,491 69

Since the end of the fiscal year, there has been paid (3,333 32) three hundred and thirty-three dollars and thirty-two cents, on the above bonds.

M. A. MOORE, Cashier.

December 3, 1841.

\* Since paid.

† \$3,000 since paid.

(1841.)

*Report of the President of the Bank of the State, in answer to a Resolution respecting certain debts.*

*To the Honorable the President and Members of the Senate, and the Speaker and Members of the House of Representatives.*

GENTLEMEN:—I have the honor to submit herewith the following Report, in obedience to the subjoined Resolutions of your Honorable Body, dated December 17, 1841, (this day)-viz:

"Whereas, the committee appointed at the last session of the Legislature, to investigate the affairs of the Bank of the State of South Carolina, have made their Report, and laid the same before this body:

"And Whereas, the said committee have reported, amongst other things, that "on the large loans to Corporations, which are but few, your Committee had no means of estimating the value of the real security with accuracy, but the more extensive acquaintance of the Members with particular property will enable them to do so."

And whereas, the said committee have reported further, that "the amount at the Agencies only appeared by the entries, and how much of these sums the Hamburg and Georgetown Agencies will realize, your committee had no means of estimating, and cannot, therefore, say that these amounts will be positively available to meet the liabilities of the Bank."

*Be it therefore Resolved*, That the President of the said Bank do report to the Legislature, without delay, the amount of the debts owing by Incorporations to said Bank; when payable; when created; what security, if any; and whether the security upon any of them has been changed or released, and other matter necessary to put the Legislature in full possession of the real condition of these debts.

*Resolved*, That the said President do also report to the Legislature, without delay, all the information in his power, as to the sums at the Agencies of Hamburg and Georgetown, so as to exhibit the true condition of these debts."

The late period at which these inquiries have been propounded, and the absence, at this place, of books, documents, and papers necessary for reference, will prevent that exactness of information in many particulars which is desirable. But it is believed that the means within my reach here, will put it in my power to give the information sought for with sufficient accuracy to enable the Legislature to be satisfied on all material points of the inquiries.

The funds charged in the annual statement of the Bank, "Hamburg Agency," and referred to in the report of the Committee of Investigation, and the foregoing Resolution, are all covered by a judgment against the sureties of the late Agent of the Bank. There is no Agent of the Bank there now. The Agent who formerly transacted our business, fell in arrears to the Bank and failed; suit was brought on his bond, and judgment obtained for a part of the demand. The amount charged, is the balance that

was due on the 30th September, 1841, on that judgment—it is now something less. The Solicitor reports the debt as good beyond any possible question, and I have, from information derived from other sources, no doubt of its perfect safety.

The amount charged "Georgetown Agency," and referred to in like manner, is composed of certain debts, the residuum of the business of the Branch formerly existing there. The principal debt was upwards of five thousand dollars on the 30th September last, of which two thousand have since been paid; the balance, I am informed by the Cashier, is abundantly secured. The rest of the account is composed of several debts represented and believed to be good, but of which, in the absence of the books, I cannot furnish the details.

The Resolution which requires a Report upon the debts owing by Incorporations, covers a great variety of points, some of which, (of no great materiality) it will be impossible to answer without reference to books, which are not here, and to wait until that information could be procured, would delay this report beyond the adjournment of the Legislature. I have, therefore, hastened a reply without further delay. The resolution-calls for,

1. The amount of debts owing by Incorporations.
2. When payable?
3. When created?
4. What security, if any?
5. Whether the security has been changed or released?
6. And every other matter necessary to put the Legislature in full possession of the real condition of these debts.

In the absence of the books, the amount which will be given below, in most instances, must be only approximations from memory, and imperfect data within my reach here; but I believe they will, in all cases, be sufficiently accurate for correct conclusions, both as to the safety of the debts, the amounts owing, the security, and the policy of them. Amongst the debts of Incorporations, is one owing by the City of Charleston, for a purchase of property sold to satisfy a debt under the Fire Loan; also, one of the Louisville, Cincinnati and Charleston Rail Road Company, whose bonds and note we hold; others are due from Manufacturing Companies; some by companies for improving and establishing within our own State, places of resort for invalids and travellers during our Summers, at Mineral Springs; and some by the Theatres, Medical Colleges, and Churches. The amount of the whole was originally near \$400,000—it is now upwards of \$250,000. These debts were created at different periods, and are made payable at different times. Without the aid of the books of the Bank, and the papers which are the evidences of these debts, it is not in my power to state, concerning so many different transactions every particular, as almost every one occurred and was perfected, before my connexion with the Bank commenced.

On the 4th point of inquiry, I have to state that the security is, in my judgment, good in all the cases. To two of them I will advert more particularly hereafter, as it is presumed that they are more especially the object of this call, and as, with one of them, I have a personal connexion and interest, which makes it peculiarly desirable to me to have the fullest information before the Legislature. In the case of the City of Charleston, besides its obligation, a mortgage of very valuable property secures the debt; in another, the Louisville, Cincinnati and Charleston Rail Road Company,

we have, for a large part of it, the bonds of the Company guarantied by the State, and, for the rest, a good note, which is regularly reduced when we have to pay instalments on our shares in the road; it is secured by mortgage of the road also. In all other instances we have good personal security and in most, mortgages on good property beside.

In no instance has the security, originally given, been changed or released, within my knowledge; except so far changed in degree, as to add to and increase that before held by the Bank.

If any exception has occurred, I am not aware of it. The only case where such a construction could be supposed for any transaction, is one, where the facts are not known correctly, and which will be explained below, viz:—That of the Loan to the Limestone Springs Company, to which I will presently advert.

In two cases, it is supposed the most full information is sought for, to wit:—The Loan to the Limestone Springs Company, and the Loan to the Nesbitt Manufacturing Company. And as the resolution requires “every other matter necessary to put the Legislature in full possession of the real condition of these debts,” I shall proceed to report, fully, on all particulars which may enable them to come to a fair and just conclusion.

1. *The Limestone Springs Company.* Every part of the transactions, in regard to this loan, occurred before I had any official connection with the Bank, and the facts I state, I have derived from the officers of the institution, and the then President of the Company. This Company, intending to build up and improve a Watering Place at the Limestone Springs, in Spartanburg District, with a view to keep within our own State, the money of its citizens who usually travel out of it in Summer, spending large amounts in other States, applied to the Legislature for a loan, to aid them in erecting buildings. The application was favorably regarded, but was considered as more appropriately within the sphere of the operations of the Bank. The expressions of opinion were such, as to cause a withdrawal of the application from the Legislature, and an application to the Bank, where it was granted, upon the following conditions:—The note of responsible Directors was taken for the loan of twenty-one thousand two hundred dollars, which was to be applied in erecting improvements, and when the improvements were so valuable as to afford good security for the debt, a bond of the Company, and a mortgage of the lands, (about three hundred acres) thus improved, was to be given, and the note was then to be surrendered.

The terms were complied with; very large and expensive improvements costing upwards of fifty thousand dollars, were made, a bond and mortgage was executed, and the papers exchanged, on the 26th of January, 1836, three years before I was honored with your confidence, by being placed at the head of the Bank.

This property was valued by appraisers, in 1838, at upwards of seventy thousand dollars, and is now worth, more than forty thousand dollars. It has been sold under the mortgage to the Bank, and purchased in by it, at fifteen thousand dollars, and I do not entertain any fears, but that it can be disposed of for more money than the debt to the Bank.

2d. The remaining case is that of the loan to the Nesbitt Manufacturing Company. As I am a stockholder in this company, and was so when I was placed at the head of the Bank, and for several years before, and as it is, in many points of view, a very important transaction, every consideration which could affect me as an officer of the public, as well as a citizen,

induces me to desire that the fullest knowledge of all that relates to this transaction, should be spread before your Honorable Body. And as the terms of the resolution call for every other matter necessary to put the Legislature in full possession of the real condition of these debts, I have no doubt but that in giving the following details, I am acting in accordance with your call.

The origin of the loan was as follows:—The company was formed to manufacture iron. It had purchased some 8000 acres of land, covering the most inexhaustible beds of iron ores, which were of the best quality, and great richness, having the finest water power, limestone, fuel; and every element and every facility for this manufacture. The Company informed themselves of the wants of the State in this particular, and ascertained that there went out of the State, to pay for its consumption of iron, not including cutlery and such small wares, little, if anything, short of \$2,000,000 annually. They were satisfied they could erect works which could make from 2 to 3000 tons of iron annually, which, in its various forms, of castings, bars, rods, plates and nails, could be made to supply from \$150 to \$300,000 of this consumption, and keep that amount of our money at home, to stimulate and reward the industry of our own State, while it would prove to the stockholders a profitable investment. Upwards of \$100,000 was paid in; lands purchased, costing nearly 60,000; upwards of 100 slaves at once put on the premises; and the improvements, to consist of four furnaces, for smelting ores, finery, bloomeries, rolling mill, foundry, nail factory, and all the accompanying shops and appliances for the manufacture of iron, were begun or projected; but before progressing far into this great and useful enterprise, an application was made, in writing, to the Bank for aid, "and a loan of \$100,000 asked for; to enable the Company to put their works into complete operation." The Bank was then filled with money; the Surplus Revenue was untouched, and the Bank was in possession of larger funds than it had immediate use for. The proposition was favorably received. A part of the money was advanced on the notes of some of its members, and a written engagement was taken from the Agent of the Company, duly authorized therefor, that when the sums advanced amounted to the sum necessary to enable the Company "to put their works into complete operation," the company should execute a bond with the personal security of its members, and a mortgage of its lands, works, and such number of negroes as the Bank might require. With the money advanced, and their own resources, they progressed with their improvements, and made contracts for others on the faith of the engagements of the Bank; but, most unfortunately for them, the State diverted a large amount of the funds the Bank relied on, to the Louisville, Cincinnati and Charleston Rail Road Company, and other uses, and the Bank, after advancing about half the cash promised, was compelled to decline any further advances. From that cause and from that time, the Company has encountered very great difficulties, which have delayed them full two years in getting their works completed and in full operation. They are now in full and successful work, and are producing castings and iron of the best quality, in all varieties for use, including upwards of a ton of nails per day, and which will shortly be increased to double that quantity.

The property now consists of some eight thousand acres of lands, on which are four Blast Furnaces, Finery and Bloomery, Forges, Rolling Mills, Foundry, Workshops, Dwellings, a Nail Factory and Merchant Mill,

with a valuable Toll Bridge across the Broad River, and about one hundred and sixty slaves, many of them valuable workmen, and well skilled in the different branches of this manufacture.

The lands have cost nearly sixty thousand dollars. The improvements are solid and permanent; all the machinery of the best construction, and according to the most modern improvements, and will bear comparison with any in the United States. But perhaps the best test of its intrinsic value, is to be found in a simple fact, that the present President and manager of this Company, (who by a remarkably sound judgment and untiring industry, has been eminently successful in the manufacture of iron,) a little more than one year ago, purchased forty thousand dollars of stock in this Company, and before doing so, examined the lands and the improvements carefully. The lands he valued at more than they cost—sixty thousand dollars, and the improvements at one hundred and twenty-five thousand dollars, and at that estimate took his stock. Since then, from fifteen to twenty thousand dollars more of improvements have been added. With these, he is confident that he will, during the year 1842, turn out the equivalent of two thousand tons of iron, worth from eighty to one hundred and ten dollars per ton.

Having thus stated such preliminary facts, as will enable the Legislature to judge with some degree of accuracy as to what follows—I proceed to report the circumstances which remain to be stated, in regard to the present condition of this debt, and the security for it. Besides the notes of the stockholders, on which the Bank had advanced a part of the loan agreed to be made, there were some other notes owing by one of them, from whom the company had bought its lands; all of these notes were discounted previous to my election as President; but after that event, the Company proposed to the Bank to assume payment of the whole, and without changing either these notes, or those given for the money advanced, but letting them remain as debts, (some of the parties having died) to give to the Bank, as additional security, the bond of the Company, according to the spirit of the agreement originally made with it, and a mortgage of the whole of the lands, with the works and improvements, and one hundred of its most valuable slaves. The terms were acceded to, and a bond for \$91,898 77, with a mortgage of property worth at least double that amount, was, in October, 1840, added to the security already possessed by the Bank, in the individual and personal responsibilities of the original makers of the notes; and that no room should exist for supposing these liabilities were lost, a written consent of the parties to the notes under their seals, respectively, has been executed, which keeps alive the original debts on the notes, and the liabilities of the parties to them unimpaired.

If this loan is to be considered as a mere money transaction, the security is believed to be sufficient; although the amount is large in its aggregate. But when it is remembered, that it is as much an individual as a corporation debt, and the number and undoubted responsibilities of the individuals concerned, is estimated, and a division of it be made amongst them, the proportion of each would be esteemed but a moderate accommodation.

If the object had been to foster a mere private speculation, perhaps it should be judged by a rule somewhat different from what ought to be applied to it as it is; the enterprise was not solely a private enterprise, but one intimately blended with the advancement of real and solid benefits to



the State. It disinters from the bowels of the earth, where it sleeps in its crude form, inert and useless, the most valuable mineral known to man, and converts it from a dead and cumbersome earth, into an agent of living and active usefulness; one entering into every use, and constituting the basis of all the pursuits and business of civilized life; an essential, necessary in every art and improvement, and in every trade. With it the earth is tilled for food, clothing is made to cover our nakedness, houses for our shelter, ships for our commerce, arms to defend our property, lives, and liberty—and, in short, from its use, come all the innumerable appliances, which at every moment and in every circumstance and condition of life, minister to the necessities, comforts and enjoyments of existence. It may be added, that this enterprise constitutes a most important step towards converting into one of its most productive portions, a large section of your State, which, although abounding in fertile lands and industrious farmers, and admirably adapted for raising the provisions to support a manufacturing population, and having all the natural advantage necessary for such pursuits, has hitherto contributed but little to the productive wealth of the State.

It should not, therefore, be a matter of censure or surprise, that my able, patriotic, and venerable predecessor, under whose administration this transaction took place; should, in his known devotion to all that he thought calculated to advance the welfare of the State, have given his sanction to a measure calculated to develop its richest resources, and to stimulate its improvement in all peaceful pursuits, while it prepared a resource for arming and defending her in a time of war; and that too, with perfect safety to her treasury, and without costing the public a cent.

All of which is respectfully submitted,

F. H. ELMORE, President.

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(1842.)

*Letter of the President of the Bank, in answer to a call from the Committee of Ways and Means respecting the Fire Loan Borrowers.*

To C. G. MEMMINGER, Esq., Chairman

Committee of Ways and Means :

I have before me the call of the Committee of Ways and Means, for my opinion, "Whether the granting relief to the Borrowers of the Fire Loan in Charleston, will affect injuriously the credit of the State abroad, or the ability of the Bank, as the agent of the State, to meet and discharge, as they fall due, the payment of the interest and principal of the public debt, and my reasons therefor."

The credit of the State abroad, depends upon an ability to meet her debt; the punctuality with which she discharges the payment of the interest; and the evidence she exhibits to the holders of her bonds, that she will have the means in readiness, when the principal falls due, for its faithful payment.

The ability of the State to pay her public debt depends, first, upon her

general resources, viz: The property of her citizens, upon which taxes may be laid; and second, upon specific funds or property of her own, to which she may resort for means of payment. Of the latter class, the Bank of the State constitutes the chief, and for all available purposes, almost the only resource.

The State has solemnly pledged to the public creditors, all the former, in pledging the faith and credit of the State, and has specifically and distinctly pledged and appropriated the Bank, and its profits also, to the same purpose, making it, especially in the case of the foreign creditors, the agent of the State to pay the interest and principal, and directly responsible to them for both.

First: The credit of the State abroad, so far as it depends upon the value of the property of her citizens generally, and their ability to meet by taxation, whatever may be required for the fulfilment of her contracts with the public creditors, and for the preservation of her faith and honor untarnished, would not, it appears to me, be injuriously affected, either at home or abroad, by the proposed measure of relief; but, on the contrary, by preventing heavy and ruinous sacrifices of the property of this class of its citizens, and giving them time and opportunities for working through their difficulties in more propitious times, very great depreciation in the values of other property of all classes of our people will be arrested, and a serious derangement of business avoided, by which the general ability of all to sustain themselves, and meet their liabilities, will be promoted, and the State be strengthened and made more able to fulfil her obligations, if ultimately she should be placed under the necessity of resorting to taxation for the means.

Second: The inquiry of the Committee, which covers the ability of the Bank to meet and to pay the interest and principal of the debt of the State, is that which is most material. To a great extent the same general principle will hold in this, as in the first branch of the subject: The ability of the Bank will depend on the ability of those who are its debtors; and they consist, as to this inquiry, of two classes.

First: The debtors, other than Fire Loan Borrowers.

Second: The Fire Loan Borrowers.

Although totally distinct in the nature and character of their debts, there is a connexion or sympathy in their affairs, which exercises, to some extent, an influence over each. It is impossible in any community, to cause a serious depreciation in the prices of any kind of property which is of considerable extent and value, without affecting, not only all other property of the like kind, but of all other kinds; and every depreciation of value in property, to that extent diminishes the means of those who are in debt to pay their debts; distrust succeeds to confidence—settlements are urged—embarrassments multiply, and panic and ruin succeeds. The property mortgaged by the borrowers of the Fire Loan is about 130 houses and lots extending to 160 tenements, and worth, at ordinary valuation, scarcely less than \$1,500,000, and probably as much as \$2,000,000. If this relief is not extended, much of this property must of necessity become an utter sacrifice to the present owners, for it has now no market value. It may not be out of place to recall to your memory some circumstances, besides the general causes which depress it everywhere, which conspire just now to exercise an unfavorable effect on the value of property in Charleston. The fire itself, in April, 1838, destroyed probably two millions of property

which was an entire loss, the failure of the United States Bank has sunk two millions and a half more of the capital and resources of her citizens, and their expenditure for constructing our Rail Road has absorbed no inconsiderable additional sum. The buildings erected by the petitioners have, with the lots on which they stand, cost, generally, considerably more than the money borrowed. These circumstances are sufficient in themselves to exercise a very unfavorable influence on their value, but combined with the universal derangements of business, the fall in the price of our staples, and depreciation of property everywhere, the effect is almost fatal to any present market price whatever. We have tested the truth of the above opinion, by exposing at different times during the past year, houses and lots made liable by failure to meet the requirements of the Fire Loan, and I regret to say, that no purchasers appeared, and the results have been such as to satisfy me that fundamental changes are necessary in the law. I cannot, therefore, but answer, that the relief proposed would exercise a beneficial influence on the ability of the whole community, and in that view rather strengthen than weaken the ability of the Bank, as it will of all other Banks connected with the business of the city.

In regard to the Fire Loan borrowers themselves, there are some views on which my opinions are founded, which I proceed to give. If they are able, or made able to meet their Bonds as they fall due, or in a reasonable time before the debt contracted for this loan by the State falls due, there can be no serious apprehension for the credit of the State. The question then arises, are they able? And if not able, is there any plan by which a reasonable prospect is held out, to make them able?

From what I have stated above, it will appear, that I do not think, as a class, they are able to meet and discharge, as they fall due, their interest and instalments under the law as it now stands, and I feel it due to them to say, that this disability has grown mainly out of revulsions and reverses for which they are not to blame—causes affecting all business, property, and pursuits in all quarters of the globe. I have stated before, that the lots on which the buildings are erected, were in many instances purchased for the purpose; they were paid for, to get a clear title to mortgage, at high prices, and the buildings, especially those put up at an early day, were built at great expense of materials and labor; and the parties have expended, out of their own means, very considerable sums in addition to the money borrowed. The present unexampled depression, therefore, finds them exhausted by the great expenses incurred in their improvements; and the same causes have so diminished the values and profits of mercantile pursuits in Charleston, that tenants and business are no longer to be had at remunerating prices. The fall of rents has been very great; 50 per cent. perhaps would not measure the extent of the fall; and under these circumstances, to carry out the law as it stands, the Bank, upon their failure to pay either interest or principal, must sell the houses and lots on which failures are made, for cash. For these, with now and then an exception, no real purchaser appears, and the consequence is, that the property is bid off by the owner, who don't pay, or by the City of Charleston as the guarantor. It is therefore manifest that the credit and ability of the Bank is no way increased by this operation, but rather we may say, lessened and impaired.

It is proper, perhaps, I should advert to the effect likely to be produced on the City of Charleston, if the relief is not granted. Unless some ex-

traordinary and immediate change comes over her affairs, the trade and commerce of the city, now greatly embarrassed, will not be increased in extent or value. Some of these buildings are now without tenants, and unoccupied. She will have no increase of men of business—no addition to her capital; and therefore no use for the buildings which will be thrown upon the market. These must be bought in by her, and she be compelled to pay the Bank for the Bonds she guaranteed. How is she to pay this? She cannot sell the houses; and while she owns them, she receives for them but little rent, and no taxes. She must raise the amount she will have to pay, by taxing the property and business of her people. The taxes already imposed on business and property for the use of the city government, are so heavy, as to be a serious burthen on commerce and residence in her limits; and it is a fact well known, that many of her citizens, including some of her most opulent men of business, as well as others, who could contribute much to support her, have removed out of the corporate limits of the City, on the Neck, where a new city is growing up. Every person who leaves, weakens her resources, and compels her to increase the taxes on those who remain. The increase in her taxes, which will be necessary to enable her to pay her liabilities for this debt, if in the whole or any considerable portion, it is thrown upon her, will cause a still farther depopulation, less need for these buildings, a constantly descending value of all property in her corporate limits, and a consequent decline in her commerce, capital, population and importance.

The important question then recurs. Is there any reasonable prospect held out to make the property built with the Fire Loan, itself available, and the borrowers able to meet their bonds?

In stating my opinion, that there are hopes of this result, if the relief asked for is granted, I must task the patience of the committee for a few moments longer, while I give my reasons for thinking, as I do, that this can and will probably be effected.

The great effort recently made by the States of South-Carolina, Tennessee and North-Carolina, to construct a Rail Road to the Ohio, from which such mighty results to the trade and business of Charleston were anticipated, has proved a failure. No one doubted, had it succeeded, but it would have given immense increase to trade, and that it would have brought great accessions of capital, and men of business, to fill up these buildings with useful tenants, and a prosperous commerce. But we have failed in finishing this work, and been saved thereby the expenditure of the many millions of money which it would have cost, while by a providence that has ever been watchful over us, the enterprise has been almost effected for us, and will undoubtedly be finished before long, by the State and people of Georgia, at a cost of more than \$5,000,000. A great line of Rail Road, beginning at Augusta, where ours ends, and extending to the navigable waters of the Tennessee River—penetrating 450 miles from Charleston into a most fertile portion of the South-West, and opening at that and intermediate points, channels of commercial connection with Georgia, Alabama, Tennessee, North-Carolina, Virginia, and indeed the valley of the Mississippi, is in rapid progress of construction; and when completed to the Hightower River, (the point to which its completion is now a matter almost of certainty,) the City of Charleston will then be in direct communication, by a continuous Rail Road of three hundred and ninety miles, with these extensive regions. This extension of commercial intercourse

into the heart of so productive a country, with the measures now in progress to cheapen the expense of transportation, and to increase the facilities of business by this road, it is a fair presumption, must produce no inconsiderable addition to the trade of the city, and to the population which carries it on. From this cause, and from the changes which it is by no means improbable may succeed this stagnation; it would appear but reasonable that a reaction will follow, and impart additional value to this property; and consequently increase the ability of its owners to pay what they owe for it beyond what is exhibited in the present condition of things. A healthful and vigorous revival of enterprise and commercial activity, at no very remote period, is entirely within the range of probability, from which we may expect a safer and more sound condition of things than that from which we have fallen. If this change for the better does not come, the worst that will follow the relief asked for, will not make matters worse than they now are, and must be, if it is refused; while the future, which seems to hold out a fair and reasonable prospect of improvement, may fully realize all it seems to promise; and if by this course the borrowers of the Fire Loans are enabled to pay them up, or have such a value imparted to their property, that others will purchase it and pay the debt, it will be a most important point gained, in saving the City of Charleston, our great emporium of commerce, from a liability which will hang heavily on her, and greatly impair the growth of her trade, population, and resources—matters which the whole State has a deep stake in fostering in the highest degree.

One other point remains: In the relief asked for, the petitioners pray that sales, when made, may not be for cash, but for such credit as remains unexpired on the original loan—upon condition that the purchaser shall give the same kind of bond, with good personal security, and a mortgage with same conditions as in the original loan. That such an arrangement would be equitable, and that by adding to the security of the debt, it will add to the resources and ability of the Bank, is very apparent. These loans were begun in 1838, and were finished, the last about the 1st of October, 1841. All the instalments, therefore, are payable before the debt of the State, contracted by borrowing for the Fire Loans, falls due. The securities for the debt are: 1. The bond and mortgage of the borrower; 2. The guarantee of the city; 3. The insurance of the buildings at the amount of the loan. To these it is proposed to add, in case of sales, a fourth in personal security on the bond of the purchaser, preserving all the others. With these precautions, I think the credit of the State cannot be affected injuriously, nor the ability of the Bank impaired to meet and discharge, as they fall due, the interest and principal of the public debt, by the measures of relief suggested by your Committee.

Very respectfully, your obt. servt.

F. H. ELMORE. *President.*

(Dec. 1843.)

*To the Honorable the President and Senate of the State of South-Carolina:*

"Resolved, That the President of the Bank of the State of South Carolina, and the Comptroller General of the State, be directed, severally, to report such facts and reasons as they may deem best calculated to illustrate the practical effects of any proposed changes or measures in relation to the payment of the public debt, the management of the Bank and Sinking Fund, and the fiscal operations of the Treasury; as well as their effect on the credit of the State."

In obedience to the foregoing Resolution, the President of the Bank begs leave to make the following Report:

The great extent of the inquiries propounded, and the short time allowed to prepare replies, will necessarily call for great indulgence for the manner in which the subjects embraced in the inquiries will be treated.

The only measures or plans before the Senate upon the subjects referred to, are those for the payment of the public debt, and the management of the Sinking Fund, proposed by his Excellency the Governor, in his annual Message to the Legislature, at the commencement of this Session. In regard to the grounds on which the recommendations of the Executive Department are based, it will perhaps be advisable first to ascertain if there are any points for difference of opinion, in regard either to the bearing of the facts adverted to on the case, or as to the construction of the laws in regard to them.

The Message I understand to state, that although \$1,000,000 of our Internal Improvement debt has been paid by the Bank, it "has been made the pretext for issuing stock to the amount of \$1,706,107 94, thus actually increasing the public debt \$700,000, instead of diminishing it." The proofs adduced, are,

1st. That \$964,444 44 of Fire Loan Bonds were used as "a Loan to itself," and sold for that purpose by the Bank.

2nd. That \$600,000 of 6 per cents. were issued in 1839 as an advance to the Rail Road subscription, and increased the State debt.

3rd. The issue of 200,000 of 5 per cent. Bonds to S. W. R. R. Bank, subscribed for its capital by the State.

1st. In regard to the first, it will appear by the Fire Loan Act of June, 1838, that the Governor was "authorized and directed to issue \$2,000,000 of Bonds or contracts" for this Loan, and in the 3rd clause that "the money, when realized in Charleston, shall be deposited in the Bank of the State of South Carolina, and shall become part of the capital thereof." It will also be remembered that the first plan thought of, was a Loan to be managed by commissioners without the agency of the Bank, and that it was changed to the plan finally adopted, in order to increase the capital of the Bank. The whole operation was consequently made a Bank operation, for the raising of the Loan, and the managing of the Fund.

The direction of the Legislature to issue the Bonds, and create the debt, and make it capital, was absolute; and it was created by the Legislature, as the Message states, "almost by universal consent" of the State; the only discretion given by the Act to the President and Directors of the Bank, was to procure the Loan "upon the best terms either in Europe or America." No authority to supervise the action of the Legislature, or to annul,

or control it, is to be found in the Act. The Bank was the passive agent of its execution, and used no other pretext for carrying it out, than the plain order contained on the face of the Act. To have exercised the right and power to cancel these Bonds, would have been to assume not executive, but legislative functions, and to have put the Bank over the Legislature.— The circumstances under which the issue of the Bonds was made in Charleston, are these: Messrs. Baring, Brothers & Co. agreed to take the whole Loan from General McDuffie, (except about £15,500 sold before to another house,) upon condition that for all beyond \$1,000,000, they should have the right to decline to a given day. Before that day arrived the value of American Stocks had fallen, and Messrs. Baring, Brothers & Co. declined taking the balance of the Loan. My predecessor, as soon as informed of this, apprised Gov. Noble of it, and suggested that, as the Bonds were unsaleable except at a loss in Europe, they should be ordered home, and a domestic Loan substituted for a foreign debt by the issue of a 6 per cent. Stock; which, counting the risk of remittance, commissions, time and exchanges, would upon the whole be nearly if not quite as advantageous as a 5 per cent Loan in England. The Governor promptly concurred, and the Bonds were ordered home in 1839, and before the close of the fiscal year, contracts for the exchange of \$286,000 of them for the stock of 1820, payable on the 1st January, 1840, were made, and for sales of \$14,000 more, making \$300,000 dollars in all, which was duly reported to the Legislature in December, 1839, by President Rose. In 1840 the same facts were again reported by the present incumbent; and in neither instance was any indication made by that body, that any other construction was put upon the Act of 1838, than that put on it and acted upon by the Bank. This was the whole amount of the Fire Loan used in paying the \$300,000 in January, 1840. It is also material to the proper understanding of this matter, to bear in mind, that the time for applications for the benefit of the Fire Loan, was by the Act of 1838 extended to two years, and by the subsequent Act of 1839, still further extended to June, 1841; and that the extent of the applications to borrow under its provisions, could by no possibility be ascertained until after that time.

2d. In regard to the second, or the \$600,000 issued as an advance on the subscription of the State to the Rail Road, it appears that the State, by a resolution of the 20th December, 1836, (see Res. 1836, p. 129) authorized the Comptroller General to subscribe 10,000 shares, or \$1,000,000, to the R. Road, to be paid out of the surplus revenue, in instalments as other stockholders paid. The appropriation Act of same year, (S. L. vol. 6, p. 566,) authorized the Comptroller General to call on the Bank for these instalments from the surplus Revenue, as they were called for by the Company. By this subscription the State became indebted to the Rail Road Company, \$1,000,000, which under the Charter could be called for by the Company in instalments of five dollars per share, or fifty thousand dollars (\$50,000) every sixty days. At the same Session, (December, 1836,) an Act was passed, (S. L. Vol. 6, p. 555,) "to provide for the reception and disposition of the Surplus Revenue," &c. The 3rd section directed, that it should be received and "deposited in the Bank of the State, not as capital, but shall be banked upon and employed like the capital of the said Bank; until it may be withdrawn," &c. In December, 1837, (S. L. Vol. 6, p. 572,) the State agreed to endorse or guaranty \$2,000,000 of their Bonds to enable the L. C. & Charleston Rail Road Company to pay the

cash part of the purchase of the Hamburg Rail Road, and took a mortgage "of the whole estate, property and funds, which said Company may then possess or afterwards acquire," which included the Hamburg Road. The Act contained an assent of the State to a mortgage of the Road to the stockholders, from whom it was purchased, for the two credit payments, one payable on 1st January, 1839, and the other on 1st January, 1840. In December, 1839, the L. Q. & C. R. R. Company, by memorial, informed the Legislature that they had paid up all due on that purchase in January, 1839, and a part of that due on 1st January, 1840, leaving however to be met on that day \$862,000, and that if it was not paid, one half of the shares of the Hamburg Road would be sold by the creditors under their mortgages.

They prayed the Legislature to anticipate twelve of the instalments of the State, or \$600,000, by issuing a 6 per cent. stock, promising with it to pay off the encumbrance on the Hamburg Road, and to finish the road to Columbia. Only twenty days intervened: it was too late to call in instalments in time to save the Road.

The instalments of the State were not payable faster than those of individuals, and therefore the 12 asked for, ran over two years, viz: 1840 and 1841. To have precipitated at once on the Bank on the 1st January, 1840, when it had \$800,000, of 6 per cents. to pay off, a further sum of \$600,000, without warning or preparation, when that institution, aided only by the Bank of Charleston, was sustaining specie payments, would have inevitably compelled it to suspend also. The Legislature referred the memorial to a Joint Committee, composed of Messrs. Huger, Gregg, Beatty, Evans, and McWillie, of the Senate, and Messrs. Colcock, Frost, Middleton, Dawkins, Perry, F. H. Windlaw, Irby and DeSaussure, of the House of Representatives, (Jour. Legis. pp. 99 and 103-4.) This Joint Committee unanimously adopted a Report recommending the issue of the \$600,000 of Stock, distributing its payments most judiciously to the capacity of the Bank to meet them, viz: \$200,000 in 1848, \$200,000 in 1850, and \$200,000 in 1852.

The Committee say, "The Company, with the aid thus extended, it is believed, will be able to pay off the mortgages due in January, and then to apply its whole resources to the finishing the Road to Columbia. In its present state, to abandon it would be a loss of \$1,000,000; to complete it will add \$1,600,000 to the security of the State, for its indorsements of the Company's Bonds. Thus this advance will enable the Company to free half of the Hamburg Road from mortgages, having a priority to the State lien, giving by it \$1,600,000 to the State's security, and at the same time to complete the Columbia Branch, adding it, at its cost of \$1,600,000, also to that security; in other words, the advance of \$600,000 of stock by the State, will enable the Company to add these two Roads unencumbered to the security of the State. This additional security cannot be estimated at less than \$2,500,000, and is estimated by some at \$3,000,000."

3d. In regard to the third instance adduced in proof of the view of the Governor, viz: the issue of \$200,000 of 5 per cent. stock, to pay the State's subscription to the South Western Rail Road Bank, the Message states that "at the regular Session in December, 1838, the Legislature passed an Act confirming the subscription of the Governor to the Rail Road Bank, and authorizing the Comptroller General to pay it by drafts upon the Bank of the State, or by an issue of 5 per cents. in case the President and Di-



rectors of the Bank found it embarrassing to advance the funds." The words of the Act go farther, adding "*or without violating the faith of the State, pledged in an Act to provide a Sinking Fund for the redemption of the 6 per cent. stock of this State, passed in the year of our Lord 1821: and pledged in subsequent Acts for the redemption of all the Stock subsequently issued*"; then and in that case the Comptroller General is required to issue Stock therefor, on the part and in behalf of the State, bearing a half yearly interest at the rate of 5 per cent per annum, and redeemable at the end of twenty years."

It so happened that the Surplus Revenue was subscribed to the Rail Road, and could not be taken; and that the Bank could not pay this \$200,000 without taking it out of the Sinking Fund or Capital, both of which were repeatedly pledged for the debts of the State. The Sinking Fund, on 1st October, 1838, was \$824,833 38; out of which \$86,774 99 was required to pay interest, leaving \$738,058 39, while on the 1st January, 1840, it had to pay \$800,000 of 6 per cents. of 1820, for which it had been pledged by the Act of 1821. It is thus clear, that to have paid the \$200,000 out of the Surplus Revenue, would have been to take it from the Road, for which it was appropriated; and to pay it out of the Sinking Fund or Capital of the Bank, would have violated the faith of the State.

It would appear that the Bank has had no agency in producing this state of things; that no "pretext" has been used by it for these issues, but that it has been the action of the Legislature in every one of the cases stated, and has been upon considerations arising within its own sphere of deliberation, and which were good and sound in themselves; that the Public Debt was not increased in the Fire Loan by any other authority than the express and explicit order of the Legislature; that the \$600,000 of Rail Road advance, paid, to that extent, a debt already existing in the form of a subscription to the Road, and put it in the form of a Stock, without increasing the State's debt one cent, and in truth making by the operation not only a pecuniary profit from the Rail Road of some 70 to \$80,000 in interest, but freeing from prior liens the most valuable security the State held for its guaranty of that Company's Bonds, and enabling it to complete the Columbia Road, and add \$3,600,000 of unincumbered security to the State for her guarantee. And that besides, for it, the State now holds 8,000 shares in the Road, and a debt against the Company of \$258,000, with interest, in consequence of her shares being reduced: That the issue of the \$200,000 of Stocks for the Rail Road Bank subscription could not have been avoided, without sacrificing the faith and honor of the State; and was, under the terms prescribed by the Legislature, unavoidable:—And that in point of time, most of these transactions were separated and spread over a period from Dec. 1838, to the year 1843:

The Resolution requires me to report, first, "such facts and reasons as I may deem best calculated to illustrate the practical effects of any proposed changes or measures in relation to the payment of the public debt, the management of the Bank and Sinking Fund, and the fiscal operations of the Treasury, as well as their effect on the credit of the State."

To answer this Resolution properly, requires me first to state what is the true condition of the Sinking Fund, and then to state what are the changes proposed, and lastly, the effect of these changes on the fiscal action of the Treasury.

The Sinking Fund was created by the Act of December, 1821. It

ordered, "that the annual profits of the Bank should, with all its accumulations, be a Fund solemnly pledged and set apart for the payment of the quarterly interest of the 6 per cent. Stock, (\$300,000 issued the year before) and the final redemption thereof." In December, 1822, \$200,000 of 5 per cents were issued, and the like pledge of the capital and dividends of the Bank made. These issues have been paid. In 1824, \$250,000 more 5 per cents were issued, and for them the faith of the State and the capital and dividends of the Bank again solemnly pledged in like manner. This is due 1st January, 1845. In December, 1826, \$300,000 more 5 per cents. were issued without any pledge: due in January, 1846. The next pledge of this Fund was for the Fire Loan of June, 1838, when, in addition to the pledge of the faith and funds of the State generally, the profits of this Bank on the Capital it then had, after they shall have paid and redeemed the Stocks for which they had been before pledged, were also solemnly pledged to pay interest and principal of this Loan. There is also another pledge of the Fund or "additional Capital created out of the \$2,000,000 Loan aforesaid," and all its profits, without condition, for the payment of the interest and redemption of the principal of this Loan.—The last payment of this Loan is due in 1870. In December, 1839, the State issued \$600,000 of 6 per cents, and passed to the Sinking Fund \$651,422 09, from the Surplus Revenue, to meet it. This was the advance to the Rail Road subscription. The like pledges of the capital, profits, and the surplus revenue thus transferred, were repeated in that Act. The last \$200,000 of this issue is payable January, 1852, eight years from January next.

The recommendations of the Message are :

1st. That the Bank be compelled to purchase and cancel \$500,000 of the State Stocks per annum, and pay all interest on the State Debts, under penalty of forfeiting its Charter.

If the purchase was practicable, it is very clear that the faith of the State would be violated, if any Stocks were bought and cancelled except those due the 1st January, 1845, until all of them were first paid, and so again of the next in order, viz: those of the Rail Road advance due in 1848, 1850 and 1852. To take either the profits or capital of the Bank, to buy and cancel the Bonds of the Fire Loan out of their pledged order, would be to take the funds solemnly promised and appropriated to the debts of prior date. But, it is believed that the scheme is impracticable, except at such a premium as would exhaust and ruin the Bank. The price of the Stocks would rise to a point of exorbitant exaction, and if not submitted to, and the public interest sacrificed by their purchase at any price, the charter of the Bank would be forfeited. The measure would be in effect to break up the credit of the Bank; to compel it to cease all business; to bring down on it all its circulation, and all its depositors, and to force it into liquidation.

2nd. The second proposition is, if our own Stocks cannot be bought, to buy up the Stocks of other States. The reason given, is, to throw on them the burthen of our debt; but, if they should refuse or fail to pay either interest or principal, it is clear that we shall have the burthen of paying both theirs and our own. It would seem to be a very doubtful policy which would distress our own people by drawing heavy sums from them to invest in the bonds of other States, which cannot be sued, when paper equally good can be got from our own citizens, who, if they fail to pay, are

amenable to our Courts, and can be compelled to discharge their obligations. If the bonds of other States were as good as ours, they would cost as much, and if worse, it is bad policy to buy them.

3rd. The third proposition is to make an entirely new Sinking Fund of the present Sinking Fund and Surplus Revenue, for the payment of the debt due after 7 years, viz: \$200,000 due in 1852, and the Fire Loan, the last of which is due in 1870. The proposition is, to withdraw the present Sinking Fund, \$741,120 64, and the Surplus Revenue, \$200,000; "that the whole amount be placed in the hands of Commissioners, to be invested, and made to accumulate by compound interest, for the discharge of the principal of the Public Debt, not including any instalments due within the next 7 years, unless rendered absolutely necessary from want of other means; and that in the mean time the Bank shall be required to pay the interest on the whole debt, and such instalments of the principal as shall fall due in 7 years." The instalments that will fall due in 7 years are \$960,000. The interest on the whole debt, which the Governor states at \$190,000 per annum in the message, would for the same time reach \$1,330,000 more, making \$2,290,000 to be paid in seven years.

The first effect of taking away the surplus revenue and sinking fund, amounting together, as shown above, to \$941,120 64, would be to absorb all the means of the Bank for active business, and to drive away its customers. The depositors would draw out their deposits, amounting to about \$500,000, and the circulation, now, (allowing for lost bills,) about \$650,000, would be returned for redemption. These several sums would create an immediate demand on the Bank, for, in round numbers, \$2,100,000. And yet, after the utter wreck of its credit, and business; and the sudden and ruinous abstraction of its active means, to the enormous extent of \$2,100,000, this proposition would impose on it the impossible task of paying in 7 years the further sum of \$2,290,000, for interest and for the principal of the public debt which falls due in that time.

The fate of the Bank would be sealed the moment such a measure is adopted, and it must go into liquidation, for it could only drag on an impotent existence for a little while, to die a disgraceful death at last. It would be far better to put it in liquidation at once, and wind it up, for the necessary result would be to throw into suit for collection, a vast amount of assets on its bond and discount line in every part of the State. So large a creditor going at once into the Courts, would alarm all the other Banks and individual creditors, compel them in a measure to suspend the usual accommodations, draw in their circulation, contract their business, and also to sue in every case where they are distrustful of their debts.— Their customers, thus checked and pressed, would in turn sue those indebted to them, and an universal state of alarm and distress would pervade the country. The dockets of the Courts would be crowded with cases, and the Sheriffs would transfer vast amounts of property at incalculable sacrifices; the value of all other property would be greatly depreciated, and slaves would be run off, or many of them bought up by the people of other States, and would be transferred to them to improve their condition, leaving heavier taxation to this State, and less property to bear it. Lands abandoned, and houses deserted by a ruined and bankrupted people, would every where remain the monuments of an erroneous and precipitate legislation, "while nobody would be benefitted by the operation, but those who are out of debt and in the command of money, and who can stand by in

the general wreck, and buy up the property thus needlessly forced into market."

The new sinking fund which would be created at this heavy cost, would be placed in the hands of Commissioners, to be invested. How invested, we are not informed; but it could only be invested in private loans, as it now is by the Bank, or in stocks of States or Banks. How much we should gain by the exchange, is hardly matter of doubt. In the first place, there would be the expence of salaries to Commissioners and their Clerks for managing a fund, now managed by the Bank for nothing; in the next, all the losses of bad debts and mismanagement would fall upon the Fund, and they must be many and heavy in 25 years; while in the Bank, in consequence of its being used in banking operations, the Bank bears all losses and all expense. It is hardly to be presumed that the Commissioners will be possessed of greater ability or better fortune than the Directors of the Bank. The paper medium loan experiment is full of instruction on this point. But there is one view that would seem to be conclusive. A Sinking Fund vested in Bonds or Stocks, all experience proves, cannot be always relied on to the day it is needed to pay the debt, and if, to insure punctuality, it be collected, as it must be; beforehand, it must lie idle and be subject to be wasted and destroyed. In the Bank, it is used as its other funds, and is not distinguishable from them: it is a sum due and to be paid by the Bank, and when pay day arrives, all the assets and resources of the Bank will be resorted to, to have it ready. This insures its punctual payment, and the public creditor is better satisfied, the public interests better subserved, and the public credit better maintained.

#### PAYMENT OF THE PUBLIC DEBT BY THE BANK.

The inquiry here may be made, will the Bank be able to pay the Public Debt as it falls due? I answer, that if no more is required of the Bank than the laws now of force require, and the Bank is permitted to carry on its operations with the ordinary facilities of banking, in the same manner for instance, that private Banks are permitted to exercise their best judgment, I have no doubt that it will pay not only all that is by law charged on it, but perhaps even the \$300,000 of five per cents. falling due on 1st January, 1846, and for the payment of which, no provision has been made by the Legislature; and if the Legislature will authorize the application of the \$200,000 of Surplus Revenue in the Bank, and which is now disengaged from the Rail Road subscription by the reduction of the shares of the State, then, I can have no doubt of the ability of the Bank to pay from the Sinking Fund and its profits as follows:

5 per cents. due 1st January,	1845.....	\$250,000
5       "       "       "	1846.....	300,000
6       "       "       "	1848.....	200,000
6       "       "       "	1850.....	200,000
6       "       "       "	1852.....	200,000

In 8 years.....\$1,150,000

The only debt then due will be the Fire Loan; for that, we have now something more than \$1,000,000 of Bonds secured by the City of Charleston, which, with the profits of the Bank from 1852, and all the rest of the capital, will be applicable to that debt. A statement from the Cashier,

accompanying this report, marked No. 1, will exhibit the probable operation of the Bank on the public debt. On the other hand, should the stringency of measures be such as to precipitate the action of the Bank beyond the rules now laid down to it by the various Acts of the Legislature, and to which the public faith stands repeatedly pledged, there is too much reason to apprehend that the result will be, to destroy the ability of the Bank to pay the public debt, and to render a resort to heavy taxation on the people necessary. An experiment more full of hazards, and pregnant with more important consequences to the whole people of South Carolina, never was presented for their consideration.\*

The next point of the inquiry proposed by the Resolution is,

*The practical effects on the fiscal operations of the Treasury.*

In considering "the practical effects of the proposed changes and measures in relation to the payment of the public debt and the management of the Bank and Sinking Fund on the fiscal operations of the Treasury," it will be necessary to examine—first, what would be their practical effects on the Bank itself, and then, by that means, their practical effects on the fiscal operations of the Treasury. I have before stated my opinion, that the practical effect of the recommendations, if carried into operation, would be to force the Bank to go into liquidation, and be wound up. The adoption of any one of these plans, or of any other measure producing a like effect on the Bank, would destroy it effectually; its name may continue to exist, but its vitality, its usefulness, will have been extinguished forever. The question then recurs—what will be the effects on the fiscal operations of the Treasury, when the Bank is wound up, or in effect abolished by these measures? We must consider this inquiry:

1st. In connexion with the receipt, safe-keeping, and disbursing the Treasury funds. In this view, the utility of the Bank is of the highest value. The public moneys are, by the collecting officers, paid into it and placed to the credit of the Treasury. The Treasurer checks for it, and, in Charleston, his check is countersigned by the Comptroller General; this secures against frauds and unfaithfulness. Since its incorporation, there has been collected and paid into the Bank to the credit of the Treasury, about \$12,747,207 11, and there has been paid out on that account, about \$11,778,057 02, making an aggregate of \$24,525,764 13 of receipts and payments, without costing the State anything or the loss of a cent. For its safety, she had all the securities she had before, besides the checks of daily supervision and settlement, which the organization of the Bank affords. Funds are also transferred from one Treasury to the other, without risk or cost to the State, and payments are made at the Treasuries more easily, rapidly, safely, and satisfactorily than they could be by paying the money itself. The measures recommended, by virtually and practically destroying the Bank, would destroy all these advantages to the Treasury.

2nd. In connection with taxation for the ordinary expenses of the State.

The taxes, it is well known, do not reach the treasury until June, and although on the 1st of October, the beginning of the fiscal year, there always appears to be a balance in the Bank to the credit of the State, yet

\* I do not here take into account either the 3 per cents which the Bank must pay off from its capital, nor the 5 per cents for the subscription of the capital of the S. W. R. R. Bank, as the latter will be easily paid by the dividends of the Road and the Bank in three or four years at most.

it often happens, and for several years past has invariably occurred, that before the end of December, the balance in the Treasury has been expended, and that had it not been that the Bank advanced the funds necessary, the Treasury would not have had means to pay the expenses of the State. The consequence would have been, that the taxes would have been collected in November, or increased enough to cover the deficit. The injury caused to its operations by these advances has been borne cheerfully by the Bank, because it was highly convenient to the people and saved them from taxation, although it has sensibly affected its business and lessened its profits. The practical effects of the measures recommended, in this particular, would be to compel the Legislature to collect the taxes in November, some months earlier, or to increase them enough to cover the deficit from December to June, or to borrow from other Banks.

3d. In connexion with extraordinary emergencies, such as war, invasion, or insurrection.

In extraordinary emergencies, when there would not be time to provide for the occasion, as in cases of invasion or insurrection, or when the burdens would be too heavy to be borne at one time by the people, but are indispensable to the defence and safety of the country, as it may often occur in times of war, the resource for immediate advances to meet the occasion, which this Bank may afford the State, in her Treasury operations, can hardly be estimated too highly. The reports of two Committees appointed to investigate the Bank in 1821, (Comp. pp 96, and 124-) both insist upon its great value in this point of view. But the subject is put in so clear a light in his annual report of 1821, (see Bank Comp. 396) by that wise and venerable man, who acted so conspicuous a part in establishing this institution, and who presided for so long a period with such distinguished ability and usefulness over its administration, that nothing can be added to what he has so well said in the following extract:—"And it should also be remembered, that in their present position, the funds of the State can be readily commanded, and exclusively directed to national purposes. In times of peace, this may be of little importance; but during moments of embarrassment and danger, the value of such a resource, particularly in a country where monied capitals are not abundant, it is not easy to estimate. During the late war, this Bank, at the very commencement of its operations, advanced, for three years, the direct tax imposed on this State by the General Government, and saved to the citizens generally the premium of 15 per cent. allowed to those States which should pay promptly into the general treasury, the amount of the tax.\* And when it was proposed to raise a brigade of State troops, the Bank offered to advance 500,000 a year, for three years, for their support.

"Peace rendered this measure unnecessary; but it would be easy now to prove, that this offer was not an idle pledge, but that under the circumstances of the case, the measure, had it been carried into effect, might have been rendered as profitable to the Bank, as it would have been beneficial to the State, and to the United States. During war, not only all the money which such a Bank might be able to collect, but all which it might be prudent or possible to issue, could be directed to public purposes. From a private Bank this could not be expected; it certainly never would be

\* The amount saved by the Bank to the State Treasury by these advances was \$91,143.98.

obtained. The claims and the wants of the stockholders would necessarily require attention. Their private engagements would demand their first consideration, and to those who can command money, the chances, during war, of profitable speculation become so alluring, that all who have influence or interest, press on the private institutions with irresistible weight.

"It has become so much the practice in modern ages, for governments to be borrowers, on every emergency, that no one appears now to enquire whether the accumulation of funds, against periods of adversity merits national consideration. This, it is true, is but an idle question to those Governments which are already so much involved that, in order to pay the interest of their debts, they are obliged to resort to every exertion, and to every mode of taxation; but to those which are more fortunately situated, this system offers some advantages, and may claim from them some attention. The possession of funds at moments which usually create embarrassments, might prevent the necessity of submitting to disadvantageous loans; might avert the failure of many an enterprise that proves unsuccessful, from the employment of insufficient means; and might relieve a Government from the severe, and often unpopular, duty of imposing heavy taxes, at periods when the most light are not easily collected. In times of peace, the revenue obtained from this source might be employed in a thousand modes, to improve, to embellish, and to render more productive the resources of the country."

#### *Of profits of the Bank and Public Debt.*

To enable the Senate to form some idea of the correctness or error of the foregoing opinions, as to the ability of the Bank to pay the public debt, a review of its operations in regard to its profits may be useful. If I fall into any errors in stating these views, the compilation of the laws and official documents relating to the Bank, just published by order of the Legislature, afford ample materials to rectify them.

To arrive at an exact idea of what profits the Bank of the State has made in its operations, we must first settle the definite meaning to be attached to the word profits, and then, again, the principles on which they shall be computed.

Strictly speaking, we understand by the word profits, the clear gains made by the Bank, and paid by it as dividends or profits, either into the Treasury or to the public creditors, or carried to the sinking fund; such would be the correct rule here, if it were a private Bank; a machine to make the greatest amount of dividends on the capital employed, for the stockholders, without regard to the general interest of the State.

But this narrow view has never found favor with the statesmen of South Carolina. And she, contemplating the question from her high position of a Sovereign, who was proprietor, both of her people and their property, has felt that she best subserved her own interests by promoting theirs; that whatever bettered their condition, improved her's also; and that when she enabled them to increase their wealth, she was hoarding up riches in her own best treasury, on which, if great emergencies should come upon her affairs, she could make her drafts with the confidence that they would be cheerfully paid by a loyal people devoted to her service. She could not but know that, under the principles she prescribed in the charter for the management of its affairs, if the Bank yielded that protection and gener-

ous nourishment to the enterprise, industry, and peculiar pursuits of her citizens, which she designed, she must be content with more moderate dividends on her capital, and look for a large share of her real profits, to the convenience and advantages it would afford in the State affairs, and to the improvements which would follow to her agriculture, commerce and manufactures.

The Bank has no reason to shrink from the inquiry in either point of view; and that the House may judge of it in either or all of these connexions, they will be examined, each in its order.

There are, however, some circumstances worthy of being carried along in the mind, which have exercised no little influence on profits, and for which due allowance should be made. In the first place, the expense of the management of this Bank is necessarily greater, in proportion to its capital and business, than that of any private Bank; it being required, by law, to maintain two expensive branches, which the Legislature have established for the convenience and accommodation of the public; the one at Columbia being essentially so to the Treasury operations of the State. Again, the funds in the Treasury are usually exhausted in December, and during the period of the most active and profitable business of the year, the Bank advances, without interest, large sums of its own money, curtailing its own operations and lessening its profits. These advances have sometimes been very considerable. They reached in May, 1821, to \$547,795-34, and in 1840, when the heaviest burthens the Bank has ever felt were accumulated and concentrated upon it, this was one of the most embarrassing sources, not merely of difficulty, but of danger and actual loss; for a more full detail of which I refer to the Annual Report of that year.

Another fact is also of material bearing on this point. The Bonds for debts of the Fire Loan, amount to upwards of \$1,000,000. This portion of our capital yields us no profit, but is a source of some expense; because by the 7th clause of the 4th section of the Act of June, 1838, the Bank is directed to fix the rate of interest to the borrowers "at as low a rate as will cover the interest to be paid by the State, with the necessary charge of remittance." This large fund, therefore, is administered by our officers without charge, and constitutes no part of a profit making capital; and if it were not for that branch of the business thus assigned to the Bank by the law of 1838, we could dispense with one Clerk, whom its management makes it necessary to retain at a salary paid from the general profits.

It may not be altogether impertinent to the subject of inquiry, to ask the question here: How could the State manage this large fund, with equal economy and safety? Suppose this Bank were abolished, how would these bonds be disposed of? In what way can the interest be collected so safely and so regularly, or how can the funds, when collected, be applied with equal precision and advantage, to the object they are finally to accomplish?

With these remarks, I submit the results of three modes of computing and testing the actual dividends or profits made by the Bank.

1st. The profits on the original capital.

The capital varied between 1813 and 1827, first, by continual accessions from collection of funds assigned as capital, and afterwards, by payments from capital to the Revolutionary Debt charged on it in the charter. These ceased in 1827 or '28, and from that time the original capital has remained unvaried at \$1,156,318 48.

And again, when the profits are to be computed, there is to be settled



with candor and liberality, on what capital or funds the computation is to be made. Is it to be made only on what is the real and actual capital of the Bank? or is it to be made on that capital, and on its own profits accumulated as a Sinking Fund? Or, shall it be computed on both of these, and to them be added whatever other funds the State may have actually on deposit in the Bank?

In the following estimate, the interest is charged on the capital as it was received, at the rate of 7 per cent. The account between profits and interest will then stand thus:

Whole profits of the Bank to 1st October, 1843.....	\$3,672,291 43
Deduct interest on original capital at 7 per cent.....	2,208,993 48
Excess of profits over interest.....	<u>\$1,463,297 95</u>

This excess is considerably more than the whole original capital of the Bank.

2nd. On the original capital, and its profits, the Sinking Fund.

The Sinking Fund was, until 1840, composed entirely of the profits of the Bank, and the interest set down in the following computation is, therefore, a profit on a profit. That account stands thus:

Whole profits of Bank to 1st October, 1843.....	\$3,672,291 43
Interest on original capital.....	\$2,208,993 48
Interest on Sinking Fund, or profit on profit 569,124 41	
	<u>2,778,117 89</u>

Showing an excess of profits over interest at 7 per cent, of. \$894,173 54

Or nearly the amount of the original capital.

3rd. On the original capital, Sinking Fund, Surplus Revenue and Fire Loan.

In this computation, we charge ourselves with interest on the Fire Loan at 6 per cent, because, that is the interest actually paid for it out of the profits of the Bank. The account then stands thus:

Whole profits of Bank to 1st October, 1843.....	\$3,672,291 43
Interest on original capital.....	\$2,208,993 48
“ on Sinking Fund.....	569,124 41
“ on Surplus Revenue.....	356,221 10
“ on Fire Loan.....	421,250 86
	<u>3,555,589 85</u>

Balance of profits over interest.....\$116,701 58

On this last statement it may also be claimed as one of the savings of the Bank, that the interest allowed above on the Surplus Revenue is a clear gain: this is a fund which does not belong to the State; it never could have been made profitable to the State unless invested, when it would have run all the risks, and would have been subject to all the charges and expenses of such a proceeding.

It is also to be remarked, that interest has been allowed at the rate of 7 per cent on all the capital or funds used in banking by the Bank, except the Fire Loan; a mode of stating the account, which is hard upon the Bank, for the funds, as a Government operation, could not have been

vested by the State in securities, beyond the risks and contingencies incident to individual loans or bank stocks, which would have yielded her 6 per cent, or perhaps even 5 per cent, free of the cost of agency and management; while in this Bank, it has paid all its losses, and yielded a profit beyond 7 per cent, in all the views which in fairness to it, could be presented.

It is also to be remarked, that for several years past, Bank dividends have been greatly reduced. Heavy losses have been incurred by all, and profits have been considerably lessened. No Bank in Charleston has divided for some years more than 6, and several only 5 per cent, and one at no higher rate than \$4 44, for the last year.

I am aware that it may be objected that in the above computations, it is assumed that the whole capital is safe, while bad debts may exist and losses be realized on them hereafter. For these, as they occur, deductions are made by taking from the profits to cover them; but, totally independent of that, it is confidently believed that, besides arrears of interest which will be collected, the notes of the Bank lost in circulation will more than replace every loss by bad debts, which the Bank will realize in years to come. A few facts will shew the grounds of this opinion.

From October, 1839, to July, 1840, all the City Banks were suspended, except this Bank and the Bank of Charleston. Specie was 3 per cent premium over their notes. The actual payments out of this Bank, from October, 1839, to June, 1840, had been to the immense amount of a million and a quarter of Public Debt, Fire Loans, State expenses, and in redeeming its own bills, which were hunted up and brought in hourly for specie. The taxes, which had to be paid in specie paying bank notes, had also been gathered, and brought home in June all of our bills which could be collected in the country.

It is believed we had got in by these causes, *very nearly the whole of the notes of the Bank*, in existence. Our books shew, that after charging against the Bank every note it ever issued, upwards of five millions of dollars, (\$5,000,000,) the whole amount then outstanding, was only \$339,000. That a very large portion of this, perhaps nearly all, has been destroyed and lost, and will never come against the Bank, there are many reasons for believing. One instance, taken from the account of our issues as to the denomination below one dollar, will give some idea of the probable gain on the others.

Of small bills under \$1, there have been issued in all.....	\$385,352 18
Returned and cancelled.....	305,889 18

Leaving unaccounted for and a probable gain.....	\$79,463 00
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Of these bills, none are met in circulation: for several years very few have come into the Bank, and it will be safe to count the gain on them at \$75,000.

In the foregoing portions of this report, I have shown how the Bank has discharged the duties imposed on it by the original charter, in connection with its profits, and the Treasury operations in peace and war, and those subsequently assigned to it in regard to the public debt. But the main declared purpose of its institution, was that which, from the history of the time, the preamble of the charter, and the provisions contained in the charter itself, plainly appears.

It is well known that the Bank had its origin in the distresses and embarrassments which pervaded all classes of our citizens, and especially the Agricultural interest, prior to December 1812, when it was chartered. It was then proposed and carried as a measure of relief for the people, and as an auxiliary in enabling them and the State, to meet the burdenn of the increased taxation, and the expenses of the war with Great Britain.

The Preamble is as follows:

"Whereas, it is deemed expedient and beneficial, both to the State and the citizens thereof, to establish a Bank on the funds of the State, for the purpose of discounting paper, and making loans for longer periods than has heretofore been customary, and on security different from what has hitherto been required."

The State possessed at that time certain pecuniary resources consisting of Stocks in the State Bank, the Planters and Mechanics' Bank, and of debts due to it by the General Government and by private individuals. These resources had been accumulated out of Treasury funds drawn by taxation from the people.

These stocks and debts were given as the immediate capital of the Bank, to which were added, as they happened to arise, the balances which in several after years, remained unexpended in the Treasury. These funds have been thus saved from being wasted and lost, are still existing, and have been made to yield a higher actual revenue than they did in their original shape, while they have been the bases of operations of the greatest value to the State, made in accordance with the design of the Legislature in chartering the Institution.

These new methods and principles of banking were invented and enacted to open facilities for Bank accommodations to the Agricultural class; in a Bank owned by themselves, created out of funds drawn by taxation from their own pockets, and subject at all times to be directed and controlled by themselves. They constituted, as a class, far the most numerous portion of our population, were the owners of the greatest amount of tax paying property, were highly respectable for their intelligence, and had contributed most by industry and productive labor, to the wealth of the State; and by the taxes they paid, to its support.

These, by their remoteness from the city of Charleston, where alone Banks were then established, and by the modes of doing business in those Banks, which were then suited only to commercial customs and commercial men, were in effect excluded from any participation in their accommodations. To them, the establishment of this Bank was a new era, for in every stage of its existence, and under every administration of its affairs, the Direction have acted avowedly in the spirit of the Charter, and devoted as much of its means as a prudent management of its affairs would allow, to sustain and nourish this great interest, by invigorating and giving effect to its exertions, and by aiding it and defending it in its reverses. How far these operations of the Bank have worked for the public good, every man's experience can bear testimony, for there is not a district nor parish, nor scarcely a neighborhood in the State, in which some worthy citizen has not experienced its assistance; and where distress has not been alleviated, misfortune aided, or ruin averted.

It is true, most true, that more money might have been made in the shape of profits, by a harsher policy; but then, it would have been done at the expence of that higher profit, which by judicious aid saves to her citi-

zens, their integrity and self respect, and to the State, its citizens and their property, while it inspires and arms them for more vigorous exertions. It may be said, however, that admitting all to be true as of the past, it will not apply to the future; that the Bank has fulfilled its destiny, and that its functions are no longer needed by those for whose advantage it was created; that other Banks have been established, both in Charleston and in the interior, and therefore, this Bank should now be withdrawn.

If the State had no Bank, and it were proposed now for the first time to establish one, these views might be considered as bearing on the issue; but the question is widely different. However plausible it may appear, and however attractive in its speculative bearings, the scheme for abolishing the Bank at present in existence, (or what is the same thing, destroying it by measures it cannot survive,) and which in 31 years of its operations, has become so intertwined with the affairs of the State, and the property and business of the people; is practically, an experiment of great hazard; it involves a radical upturning and overturning of what has been long considered as State policy, an entire change in the condition of individuals; in taxation; and in the fiscal action of the State.

It might even be admitted, against all experience to the contrary, that the creation of the Bank was unwise, and yet it would be far more unwise now to destroy it. It is true, there are now many more Banks than there were in 1812, and that more facilities do exist for Bank accommodations, but it is by no means true, that these accommodations are of that character in which the agriculturists will meet with the sympathy, or obtain the assistance they often require. There are cases of numerous occurrence, where the very principles on which this Bank would give relief, and give it with safety to itself and advantage to the State and all concerned, would utterly preclude and cut them off from any assistance from the private Banks; indeed where their principles of action would create the very cases that it would be the duty of this Bank to relieve. Few will doubt, that if this Bank was abolished, its commercial business would be readily taken up by the other Banks, but who is prepared to say, that the agriculturists would find their interests more regarded by them than they are now, or were previous to 1812?

It may be, that there is more banking capital in the State than there is need for, but the excess is not of that sort which is to foster the planters, the farmers, the mechanics and the tradesmen. The profits of banking have been reduced along with those of other pursuits, by the course of events over which we can exercise little control, and the abolishing this institution would undoubtedly leave a large business to be divided amongst the private Banks, which would make their dividends larger, and their Stocks more valuable.

A willingness is indicated, if it were practicable, to abolish all Banks; and although the suffering it would create, would be incalculable, we might in the course of time draw some compensation out of the state of things which would arise from the measure. But while every State around us continues the system, it is impossible to banish a Bank circulation from amongst us; as long as it exists, it will be used by the people, who for that use, must pay a tax in the shape of interest for the loans, or the losses of the bills. Why shall such taxes, called profits, go exclusively to private Banks? Why, if the people are taxed by it, shall not a portion of these taxes go into the public treasury to pay the public debts, and defray the

expenses of the State Government? Such has been the operation of things since this Bank has been established, but such will not be the case, if it be abolished and wound up. The people will experience all the evils and some of the benefits of a paper currency, without having any part of the compensation which the profits of the business brings to their Treasury.

Amongst those evils, there is one peculiarly worthy of consideration. The prices of property rise or fall with the amount of money in circulation. The Banks have great power in increasing or diminishing the quantity of paper money; they have, therefore, the vast power of raising or depressing the prices of property. Their circulation may be perfectly sound, or it may not, and yet as the State has given the private Banks the right to issue it, she can neither restrain them in their issue, nor can she investigate their affairs and show to the people, who take it on her recommendation, as money, whether it is good or bad. The power of doing mischief has been given to them, and the direct power of remedying or controlling it, she has passed from her hands. But over her own institution she has unlimited control; it can lock up no secrets from her Committees, and her Legislature. If it is disposed to run wild, she checks it; if it attempts to palm off a vicious currency, she detects the fraud, punishes its perpetrators, and protects her people. It is the creature of her will, lives at her sufferance, and acts exactly as she may dictate.

Indeed, the chief if not only influence she can bring to bear upon the other Banks, is through the example and operations of her own Bank. Let her abolish it, and she will have the Bank power seated upon her shoulders without the least ability to shake it off, or to influence or control its action.

It is far from our purpose to say, that the operations of our private Banks have been hostile or disadvantageous to any of its great interests, or to the State. It is only our purpose to shew, that if they were so disposed to act, how powerless the State is, to control or influence them, unless it be by the example and action of its own Bank.

They perform the functions they were created for, and it is not to be expected they will change their course. They were chartered as commercial aids, and so well have they discharged their duties in this line, that their credit has stood the shock of every trial unshaken, and the confidence in their integrity and good condition, remains altogether unimpaired.

The Governor indicates the opinion, that all Banks are evils, and a Bank operating like ours, on the funds and credit of the State, especially so; the best proof of the latter being, he says, that all other Banks so formed, save ours, have failed.

How far any have been formed or administered as ours, or in what particulars they have differed, I am not now in possession of proper documents to say. My impression is, that most if not all, established and owned exclusively by a State, have been created in the new States upon plans and principles very different, and where crude ideas of Banking, and a very unmanageable temper for speculations, were prevalent; and where the failures of private Banks have been more frequent and signal, and would afford, therefore, stronger proofs of the same kind against private Banks here; and yet this Bank has safely stood the test of 31 years, as our private Banks have even a longer trial. But, it is said, it is inconsistent in our State to have connexion with, or to own, a Bank; for our people "have for several years past, waged an unremitted warfare against the establishment of a similar, and not more objectionable institution by the Federal Government."

No fact is clearer, than that the opinions and principles of the people of this State, are opposed to the connexion of the Federal Government with Banks, whether private or public.

The similitude of the two cases is faint and unreal, being merely in name, while in substance, nothing can be more unlike. The connexion of the Federal Government with Banks, whether a United States Bank, or those chartered by the States, is neither warranted by the Constitution, nor justified by sound policy. The Federal Constitution has no where granted the Government either a right to create a United States Bank, or to receive or pay away the notes of one, or of any other Bank. Its exercise is a usurpation, tends to consolidation, and is opposed to the rightful powers of the States. The corrupting influence which, the Federal Government might obtain, if permitted to league and ally itself with Banks; the use it might make of them (irresponsible as they are in every way to the people, or to their Representatives in that Government) in undermining and subverting the Constitution, constitute a part only, of the reasons on which the opposition of our people has rested. But, how can it be maintained that the instances are parallel? Has not our State a right to make a Bank? And to receive and pay away its paper in her Treasury operations? Or, can it be said of her Bank, that it is irresponsible to her, while it is in reality the only Bank that is or can be made responsible to her? The only one she can examine or regulate, or if she please, continue or abolish by a word? Is it consolidating and opposed to State rights, or in reality an emanation of and supporter of them?

We oppose the National Bank as unconstitutional, and as the most objectionable form of league between Bank and State, not only for the reasons stated above, but because of its centralizing influence on trade; because it used the capital of our own citizens who owned stock in it, to divert its commerce from our own State, to build up rival cities and sections, and to render us, in trade and finance, tributary and subject to them; to weaken, to impoverish and to control it. Has this Bank carried or driven from South Carolina, her capital, her commerce, her people, or her wealth, to strengthen her rivals, or to be turned against ourselves? So far from it, its whole efforts have been directed with all the energy, zeal, sagacity and power which it has ever possessed, to retain, extend, multiply and sustain them at home.

It has been, and it is, in every aspect of constitutional principle and State rights, of policy and action, the antagonist and antipode of a United States Bank.

### EFFECT ON THE CREDIT OF THE STATE.

The last branch of the inquiry made in the Resolution, is, what effect the proposed measures would have upon the credit of the State.

At present, the credit of South Carolina stands at the highest point in England, and at home. There is no spot or blemish upon her name, for failure of payments, for engagements broken, or for contracts violated,—Her Bonds or Stocks are sought eagerly for investment, on both sides of the Atlantic, at rates as high as any in the market.

I have previously shown, how the profits and capital of the Bank have been repeatedly and solemnly pledged for the various portions of the public debt. The limits to which this report has already swelled, preclude any remarks except in regard to the Fire Loan. The vulnerability of the

State in regard to it, is so striking, that it would be inexcusable not to fix attention on it especially. The first section of the Act of June, 1838, "authorizes and directs the Governor to issue Bonds or contracts for \$2,000,000," for the payment of which the "faith and funds" of the State are pledged. Can any doubt exist that these include the Bank, and all its means? It again, (10 sec.) makes it the duty of the Bank, "to make proper provision for the payment of the interest," "and the ultimate payment of the principal." When we remember the value attached to the punctual payment of interest by English capitalists, this provision for its prompt discharge by a Bank of large means and good credit, will immediately strike us as very important; it was an obligation on a Corporation, in addition to that of the State, the former being subject to legal process, and the latter only amenable to a sense of justice.

This gave our Bonds a higher value than those of other States. The agent of the State, the Hon. George McDuffie, presented himself in the money market with this Act in his hand, holding out the pledges, not only of the faith and funds of the State, but of the liability of the Bank. They became the basis of the whole transaction, and were parts, and material parts, of his contract with Messrs. Baring, Brothers & Co. as will appear by his letter hereto appended, as Exhibit No. 2.

The perfect integrity of this State, in adhering to her pledges in former Loans, and the punctuality of this Bank in paying what the State had engaged for, were matters urged by him, and well understood and considered; and when, therefore, they read the pledges above recited, as well as the further pledges in that Act, that the \$2,000,000 borrowed, should be "additional capital," (sec. 11,) "and with its annual accumulations should be considered and solemnly pledged and set apart for the payment of the interest, and final redemption" of the Loan; and the further pledge (in sec. 12) of the profits of the Bank on its original capital, "after they had redeemed the Stocks for which they were previously pledged"; they felt no doubt of the safety of their contract.

With these guaranties the Loan was effected, as will appear by Gen. McDuffie's letter appended to this Report. The last payment falls due in Europe in 1868, and at home in 1870.

If the pledges given in the foregoing Act, ratified and made binding by a solemn contract under hand and seal, between the authorized Agent of this State, (whose very name was a bond for truthfulness and fidelity,) and the house of Messrs. Baring, Brothers & Co. are things of reality, what do they mean? What have they promised? What have they pledged the credit and character of South Carolina to? To nothing less than this:

That, the security which you offered in the capital and profits of the Bank, should be continued in good faith, until the last instalment of the Loan had been paid. To give any other construction to this contract, would be to palter with words, and to cheat ourselves into lasting dishonor, unless the consent of the holders of our Bonds and Stocks could be obtained, to surrender them, or take some other security. For the first, a ruinous premium would, I fear, be required, and the last, I consider entirely impracticable. The conduct of the Legislature in authorizing this contract, may, even for argument's sake, be admitted to have been unwise, but it does not alter the state of the contract; and the honor and credit of the State can only be preserved by faithfully performing its conditions.—These conditions preserve to the Bank its funds unimpaired, with the priv.

ilege to use them to make all fair profits, as other Banks do; and to enable it to do this in good faith, it should be cherished and guarded from outward-wrong and inward mismanagement. It should have a fair chance for its operations, and not be put at a disadvantage in the competition it has to maintain with its rivals. If it is thus watched over and protected, wisely and in good faith, and its management conducted with only ordinary ability and prudence, there is every reason to believe, that it will conduct the State safely through the payment of her debts, without calling on the people for a cent of taxes, and will then have a capital left of more than double that originally given to it.

All of which is respectfully submitted,

F. H. ELMORE, *President.*

## APPENDIX.

### EXHIBIT No. 1.

The following is a statement of the probable operation of the Sinking Fund, in payment of the Public Debt, up to 1st January, 1852, when the last instalment of the 6 per cents. issued for the subscription to the Rail Road falls due.

Balance of the Sinking Fund held by the Bank on the 1st of October, 1841-----	\$743,628 31	Am't brought forward--	\$700,128 31
Profits of year ending 1st October, 1841-----	106,000 00	Interest payable in 1844	73,500 00
	<u>\$849,628 31</u>		<u>626,628 31</u>
Stock redeemable and Int. payable during the year 1842-----	276,000 00	Profits of year ending 1st October, 1844---	110,000 00
	<u>573,628 31</u>		<u>736,628 31</u>
Profits of the year ending 1st October, 1842	100,000 00	Stock redeemable and Int. payable in 1845.	314,125 00
	<u>673,628 31</u>		<u>422,503 31</u>
Interest payable in 1843	73,500 00	Profits of year ending 1st October, 1845---	100,000 00
	<u>600,128 31</u>		<u>\$522,503 31</u>
Profits of year ending 1st October, 1843-----	100,000 00	Stock redeemable and Int. payable in 1846.	349,750 00
	<u>700,128 31</u>		<u>172,753 31</u>
		Profits of year ending 1st October, 1846-----	90,000 00
			<u>262,753 31</u>



Am't brought forward. \$262,753 31	Am't brought forward. \$192,753 31
Interest payable in 1847 46,000 00	Profits of year ending 1st
216,753 31	October, 1850. 78,000 00
Profits of year ending	\$270,753 31
1st October, 1847. 90,000 00	Stock redeemable and
306,753 31	Interest payable in
Stock redeemable and	1850. 225,000 00
Int. payable in 1848. 240,000 00	
66,753 31	Interest payable in
Profits of year ending	1851. 22,000 00 247,000 00
1st October, 1848. 80,000 00	23,753 31
146,753 31	Profits of year ending 1st
In't. payable in 1849. 34,000 00	October, 1851. 75,000 00
112,753 31	98,753 31
Profits of year ending 1st	Stock redeemable and Inter-
October, 1849. 80,000 00	est payable in 1852. \$213,000 00
192,753 31	Deduct the above balance
	in the Sinking Fund. 98,753 31
	Balance to be provided
	for. \$114,246 69

The state of the Funds held by the Bank in Jan. 1852, will be as follows:

Capital. . . . .	\$1,156,318 48
Surplus Revenue. . . . .	200,000 00
Fire Loan. . . . .	2,000,000 00

3,356,318 48

Deduct the foregoing amount to be advanced to the Sinking Fund in January, 1852. 114,246 69

Leaves this balance to be then held by the Bank. \$3,242,071 79

The following is a statement of the probable operation of the Bank, in payment of the Public Debt, after 1st January, 1852:

The profits of the Bank, after payment of the interest on the Fire Loan for the year ending 1st of October, 1852, may be assumed to be \$70,000 00

Profits of the year ending 1st October, 1853. . . . .	70,000 00
" " " " " " 1854. . . . .	70,000 00
" " " " " " 1855. . . . .	75,000 00
" " " " " " 1856. . . . .	75,000 00
" " " " " " 1857. . . . .	80,000 00

Sinking Fund will then be. \$440,000 00

On the 1st January, 1858, there will fall due one half of the 5 per cent. Sterling Bonds held in Europe (a part of the Fire Loan,) which, with charges and exchange, will amount to about. \$554,250 00

Deduct the above amount of reserved profits of

Sinking Fund. 440,000 00

Will leave to be provided or supplied by the  
Bank from the funds in its charge, over and  
above profits..... \$114,350 00

The profits of the year ending 1st October, 1858..... \$75,000 00

The profits of the year ending 1st October, 1859..... 75,000 00

\$150,000 00

Six per cent. Stock, part of Fire Loan, which  
will fall due 1st January, 1860, amounts to..... \$482,222 22

Deduct the two years profits of Sinking Fund..... 150,000 00

Will leave to be supplied by the Bank from the  
funds in its charge, over and above the profits  
on hand..... \$332,222 22

Profits of the Bank for year ending 1st Oct. 1860..... \$60,000 00

" " " " " " 1861, 60,000 00

" " " " " " 1862, 60,000 00

" " " " " " 1863, 65,000 00

" " " " " " 1864, 65,000 00

" " " " " " 1865, 70,000 00

" " " " " " 1866, 70,000 00

" " " " " " 1867, 70,000 00

\$520,000 00

\$446,572 22

On the 1st of January, 1868, the balance of the 5 per cent.

Bonds held in Europe will fall due, amounting to \$554,350 00

Deduct the above amount of reserved profits or

Sinking Fund..... 520,000 00

Will leave to be supplied from funds held by the  
Bank..... 34,350 00

Profits of the year ending 1st October, 1868..... \$70,000 00

" " " " " " 1869..... 70,000 00

\$140,000 00

Six per cents. which will fall due on the 1st January, 1870,  
(balance of the Fire Loan) amount to..... \$482,222 22

Deduct above amount of reserved profits or Sink-  
ing Fund..... 140,000 00

Leaves to be supplied by the Bank from the funds  
held by it, over and above profits..... \$342,222 22

Making the sum of..... \$823,144 44

the entire amount required to be advanced to take up the debts of the State.

The Funds to be held by the Bank on the 1st October, 1852,  
it has been shown, would amount to about..... \$3,242,071 79

Deduct the above amount to be supplied out of said funds  
to take up the Public Debt..... 823,144 44

Leaving funds to the amount of..... \$2,418,927 35  
after final payment of the State Debt.

The following then will be a synopsis of what will have been the operation of the Bank from the date of its institution to the 1st January, 1870 :

#### FUNDS RECEIVED BY THE BANK.

For Capital.....	\$1,372,250 60
Surplus Revenue of United States.....	1,051,422 09
Fire Loan.....	2,000,000 00
	<hr/>
	\$4,423,672 69

#### DEBTS PAID BY THE BANK.

6 per cents. and 3 per cents. Revolutionary Debts.....	\$215,932 12
Paid on State subscriptions to Rail Road.....	200,000 00
“ 6 per cents. of 1820.....	800,000 00
“ 5 per cents. of 1822.....	200,000 00
“ 5 per cents. of 1824.....	250,000 00
“ 5 per cents. of 1826.....	300,000 00
“ 6 per cents. due 1848, Rail Road subscription.....	200,000 00
“ 6 per cents. due 1850, do do.....	200,000 00
“ 6 per cents. due 1852, do do.....	200,000 00
“ 5 per cents. Sterling Bonds, Fire Loan.....	554,350 00
“ 6 per cent. Stock do.....	482,222 22
“ 5 per cent. Sterling Bonds do.....	554,350 00
“ 6 per cent. Stock do.....	482,222 22
	<hr/>
	4,639,076 56
Deduct Funds received for the State.....	4,423,672 69
	<hr/>
	\$215,403 87
Add balance of Funds remaining on hand.....	2,418,927 35
	<hr/>
	\$2,634,331 22

The above statement exhibits the operation of the Bank with respect to the funds received from the State, in the form of principal or capital.

The interest account is separate and requires a further statement.

During the first eight years after the Bank was established, it paid in cash into the Treasury, (see Annual Statements of the Comptroller,).....	\$592,001 28
Subsequently—up to the 1st of October, 1843, the Bank has paid to the holders of State Stock for Interest.....	2,004,884 63
Interest payable by the Bank up to the 1st January, 1852, as estimated in the foregoing statement of the Sinking Fund,.....	367,375 00
Interest payable on the Fire Loan debt from the 1st October, 1843, to 1st January, 1858, when first payment falls due.....	1,784,250 00

Interest payable on Fire Loan Debt from 1st January, 1858, to 1st January, 1860, when one-half of the 6 per cents. fall due-----	175,000 00
Interest payable from 1st January, 1860, to 1st. January, 1868, when the balance of the Sterling Bonds fall due--	468,000 00
Interest payable from 1st January, 1868, to 1st January, 1870, when the balance of the 6 per cents. fall due-----	58,000 00
	<hr/>
	\$5,449,510 91.

It therefore appears, that the Bank will have paid for Interest, either directly into the State Treasury or to the creditors of the State, the sum of \$5,449,510 91. That the State Treasury will not have paid one dollar of the above Stocks, either principal or interest, but that the Bank will have paid \$5,449,510 91 for interest; debts to the amount of \$4,639,076 56, and will have on hand a balance of \$2,418,927 35; and that to effect these operations the only means it has received from the State, are the several sums above stated, which amount in the aggregate to \$4,423,672 69.

One other mode of illustrating the action of the Bank is added, combining a general interest account with the receipts and payments on account of Capital, viz:

The entire amount of funds received from the State, and used by the Bank as Capital, at various times, and for various periods. \$4,423,672 69  
On the several items of this aggregate, Interest is calculated for the time the Bank has had them, occasionally making rests, and adding profit to Capital, and adding interest on such sums. The interest chargeable to the Bank up to 1870, calculated in the above manner----- 6,300,000 00

The Bank to be charged to 1870, with----- \$10,723,672 69

The Bank has paid for the State, and in 1870 will have paid to the amount of-----: \$4,639,079 56  
for the principal of debts.

Interest on said debts, as exhibited in the above statement of Interest account.... 5,449,510 91

Assets on hand in 1870, as Capital, as shown above----- 2,418,929 35 12,507,514 82

Leaving, as clear gain to the State in 1870, by the operations of the Bank----- \$1,783,842 13

To exhibit precisely the state of profit made by the Bank during the above operations, would require a complex statement and calculation, which would not tend to elucidate the general view of the Bank operations in redemption of the public debt. It is partially exhibited in the "Bank Compilation," page 241, and in the report of the President, at page 455 of said Compilation.

C. M. FURMAN, Cashier.

## EXHIBIT No. 2.

*Copy of Letter from the President of the Bank of the State of South Carolina, to the Honorable George McDuffie.*

BANK STATE SOUTH CAROLINA, }  
 Charleston, 10th Nov. 1843. }

HON. GEORGE MCDUFFIE,

*My Dear Sir:*—Governor Hammond has just notified me that he shall feel it incumbent on him to recommend in his Message to the Legislature, that the Bank of the State be wound up, and its funds taken to pay the public debt in seven years. This will be by 1st January, 1851.

The Fire Loan, negotiated by you with Messrs. Baring, Brothers & Co. will fall due in 1858 and 1868.

By the several sections of that Act, numbered 1, 10, 11 and 12, at pages 43 and 48 of the accompanying copy of a compilation of the laws, &c. relating to the Bank of the State of South Carolina, which I send herewith, you will see the various pledges of the faith of the State, and of the profits of this Bank, "for the punctual payment of the interest," and "for the ultimate payment of the principal" of that loan.

The proposed recommendation of Governor Hammond, if carried out, will annihilate the principal, and, of course, prevent any profits.

I am directed by the Board to procure all such information as may be needed to set the proposed measure in a proper light; and it has been deemed highly important that I should address you, as the agent by whom the loan was negotiated with Messrs. Baring, Brothers & Co. on the several points stated in the inquiries below.

1st. Was any value attached by Messrs. Baring, Brothers & Co. to the pledge of the profits of the Bank, and the security offered by the several clauses of the Act, for either the "punctual payment of the interest," or "for the final redemption of the principal?"

2d. Did you, in your several negotiations, yourself, lay any stress, or hold these pledges as giving any higher value to our bonds?

3d. Did the fact, that a corporation was liable to be sued, which a State was not, and that, in addition to the usual pledges of the faith of a State, there was on our bonds the liability of our Bank, give to our Bonds an advantage over other State Bonds in the market?

4th. Do you suppose that the withdrawal by the State, of the funds pledged, and the winding up of the Bank, as suggested, would be considered as any infringement of the contract or condition of the loan, or as inconsistent with the faith pledged in the Act of 1838?

5th. Do you suppose such a measure would lessen the value of these stocks in the hands of the holders in Europe?

6th. What effect do you suppose it would have on the character or credit of South Carolina?

I am, dear Sir, respectfully, &c. &c.

F. H. ELMORE, President.

*Copy of Letter from Hon. George McDuffie, in reply to the President of the Bank of the State of South Carolina,*

CHARLESTON, 30th Nov. 1843.

*My Dear Sir* :—It did not occur to me that you would probably be in Columbia as I passed through this place, and I therefore omitted to answer your letter of the 10th instant, anticipating an interview with you here.

In answer to your first inquiry, I can say that very great value was attached by Messrs. Baring, Brothers & Co., to the pledge of the profits of the Bank, and also to the agency of such an institution in paying the interest, believing that it would insure more certainty and promptitude than any other description of agency. This was urged by me and admitted by them.

2d. I have already answered this.

3d. The responsibility of the Bank, not only to the law, but to public opinion, so essential to its success, had much weight in estimating the value of the bonds.

4th. From my answers to the foregoing interrogatories, it is obvious that I can answer this only in the affirmative.

5th. I answer this also in the affirmative.

6th. It would certainly impair our credit; for the Bankers of Europe, judging us by our associates, believe the people will not vote for heavy direct taxation to pay State debts, but would be quite willing the profits of the Bank should be applied to that object.

Very respectfully, yours,

GEORGE McDUFFIE.

(1845.)

*Report of the President of the Bank of the State of South Carolina, in answer to a Resolution requiring the President of the Bank to Report Losses by the Bank before the year 1843.*

*To the Honorable President and Members of the Senate.*

"Whereas, the President and Directors of the Bank of the State of South Carolina, in their annual report to the Legislature of November, 1843, state the sum of four hundred and seventy-three thousand five hundred and fifty eight dollars and sixty-six cents, (473,558 66) to be lost in bad debts by the said Bank, and have placed the same under the title of amount carried to profit and loss—therefore

*Resolved*, That the President of the said Bank report to the Senate, as soon as practicable, the names of all those persons by whom the said sum has been lost, specifying the amount and date of each loss, and the person by whom lost."

In part answer to the foregoing Preamble and Resolution, I respectfully submit the following Report of progress, and some views in relation to the subject matter of the call.

There is an error of fact in the Preamble which it is proper should be pointed out and explained, in order that what may hereafter be stated in this Report may be fully understood. It is one which persons not familiar with Bank accounts may easily fall into, but which when pointed out is so

obvious that none can be at a loss to understand it. It is that part which says that the annual report of the Bank, of November, 1843, "states the sum of \$473,558 66 to be lost in bad debts by the Bank." The report of 1843 states that this sum had been carried to the account of Profit and Loss, between the establishment of the Bank in 1812 and November 1843, but not that all of this sum had been finally lost, for this would not have been entirely correct.

The explanation is, that when all the accounts are closed at the end of the fiscal year, in order to ascertain the profits and make up the annual report, all the debts then decided to be bad are transferred from the current accounts and carried to the general account of Profit and Loss. But it by no means follows that every debt carried to the Profit and Loss account, is finally lost. In the annual report of 1843, in illustrating the operations of the Bank in regard to the several classes of its customers, a statement was made of what had been carried to profit and loss up to that time: and the facts as stated were, and are, for all the purposes they were there intended to elucidate, accurately presented, while the inference which has been drawn in the preamble of the foregoing resolution, is far from being so. Some of the cases carried to profit and loss, and embraced in that illustration, since they were so transferred have been recovered in full, and others have been paid in part. These payments have gone into the profits of the Bank for the years in which they were received, and have been, as such, shown in its accounts.

Immediately on receiving the resolution, I addressed letters covering copies of it to the acting President and the Cashier in Charleston, and to the Presidents of the Branches, desiring them to furnish me with all the information required by it. At the same time I directed that the accounts should be made out with the utmost care; giving every credit and explanation possible in each individual's case, that no more wounds might be inflicted upon the unfortunate debtors, their families and friends, than the terms of the call had made absolutely necessary in the answer. I have at length received their replies, which have been returned, after an examination of the books in part had shown the officers that they could not complete the information in time for this session; and it is my duty to inform the Senate that several months will be required to procure, prepare and embody all the information called for, in a way that will give a true view of each individual's account, and thus avoid aggravating the pain of the exposures by omitting the credits and explanations due to many.

That the Senate may clearly see how this is, I beg leave to explain somewhat at large the difficulties in the way of stating this account upon the principles I have indicated. That one which is called in the books of the Bank, Profit and Loss, is a general account, in which on one side is charged the aggregate of bad debts carried to it at the end of each fiscal year, and on the other side is credited each payment or collection which may be afterwards made from any one of these debts. Besides this general account, each name involved in it has an entry in the books of the proper year; but it was not until of late years that each payment or collection was in all cases carried back, and (besides being credited in the general account) credited to the individual account also; indeed, in some cases where the payments were by indorsers, they did not desire it should be done, for fear of injuring their claims. It also adds to the difficulty and complexity in stating these accounts with entire accuracy, that payments have sometimes been made

by indorsers, and not unfrequently they have been made by principals or indorsers at the mother Bank for Branch debts, and at the Branches for the mother Bank, and sometimes to agents who have remitted money without specifying the particular debt to which it should be credited. The Bank has been in existence 33 years, and during that time the modes of keeping the books at the Parent and Branches have undergone many changes, growing in the progress of time more and more comprehensive and accurate, so that the chief difficulty exists in those of the oldest date, where the officers who kept them are dead, and no explanation can now be had from them. All of these books will have to be searched, and the accounts carefully compared, running back a third of a century, exhuming transactions long buried in oblivion, and exposing names, and fastening imputations on many who are dead as well as living, after all the means of explanations (even if they had been allowed an opportunity to make any) have been lost, and whereby, as no such opportunity has been allowed, it is done at the hazard of adding to the afflictions of their misfortunes by classing and publishing them with those who are considered and treated as criminal. That some of those whose names are in this account may have practised frauds upon the Bank is very true, and they may deserve in strict justice no forbearance; while it is equally true that many are in it who have been brought to ruin by being the indorsers or creditors of others who have cheated and defrauded them; and many have been ruined by acts of Providence; and to confound these classes, and expose each as equally dishonest and guilty, is to double the misfortunes of innocent victims, and inflict a heavy chastisement on them, their families and friends; which justice forbids and sound policy condemns.

Since the receipt of this Resolution, I have endeavored, by the most careful and deliberate reflection on its tendency and effects, to decide upon that course of action in regard to it, which the importance of the measure, the interests of the State, and the welfare of the Bank, all equally demanded. I feel that I should but illy repay or deserve the confidence with which I have been honored as the head of the Bank, if I hesitated for one moment to lay before your honorable body what I now most respectfully submit for your consideration, as the result of my deliberations.

When I received the Resolution above copied, I had the same general view of its operation that I now entertain, but I determined to procure, if possible, in time for the present session, all the facts called for, and took my measures accordingly; intending while that information was being prepared to re-examine the whole ground, with a view to the correction of any errors in my opinions in regard to it. I had also intended, when the information was received, to have laid it, under seal, before the Senate, accompanying the papers with my views upon the subject, and then to leave to its wisdom and better judgment the decision whether the seal should be broken and the information contained be exposed. The inability of the officers to furnish their reports, has put it out of my power, at this session, to lay the information on the table of the Senate; but, in the mean time, having carefully re-examined the whole subject, I do not feel that I can, in duty, withhold from you all the light I can throw on what I regard as one of the most important measures ever proposed in regard to the Bank.

I submit, most respectfully, that if the State intends to carry on any



business, not in the ordinary line of a Government, it must do it on the same principles which make a like business successful when it is conducted by individuals; and in nothing is this more true than it is in Banking. If the State embarks its heavy capital in its own Bank, it should, in all respects, give that Bank equal advantages with those which are all around it, and which would be greatly benefitted by whatever will injure its business or destroy the institution itself. But above all, should there be a strict adherence to, and regard of, the fundamental compact in which it had its existence; and the good faith of all those provisions which unquestionably guard, or may even seem to cover, the transactions it may have with its customers, should never be impinged for any reason short of necessity.

I further submit to the Senate, that the information called for by this resolution cannot be given to the Senate without contravening all these points.

1. It will place the Bank of the State and all its business, at a disadvantage with private Banks. Because nothing is more tender than the feelings of men in regard to their indebtedness, especially mercantile men, and exposures of their accounts by any Bank, or its managers or owners, would drive every good customer away to other Banks where no such exposures are made. It may be replied that this only exposes defaulters, and that as it is a State concern, the State has a right to look after its debts. This is not denied; but it should be done in accordance to the terms of the charter, viz:—by the Comptroller General and Committees of investigation; for such is the promise of the State in the Charter. I am now only considering the policy, not the right; that I will presently examine also, and dispose of. I will, therefore, for the present, for argument sake, waive the question as to the right, and consider the policy only.

The proceeding can only be justified as a measure of policy, on the ground that it is just, and a measure which inflicts a penalty on dishonest debtors by exposing their names. No one will deny it is a punishment, and all must admit that it is wholly unjustifiable to punish innocent persons. The exposure, therefore, assumes that all who are defaulters are wilfully so, are criminal, and should be exposed as the penalty of their criminality. Of the defaulters to the Bank, some are doubtless more or less criminal, while more are themselves victims of their own or others misfortunes, or perhaps even of the dishonesty of others. Some have faithfully surrendered all their property, and paid as far as they had a cent. Many are dead; others have removed; but most of them are alive, or have descendants or relatives and friends whose feelings would be deeply wounded by these exposures. Who can safely, at this late day, say who of all these are guilty, and who innocent? The sense of all, especially commercial communities, is against such proceedings, and all the sympathies of human nature will take sides with the weak and oppressed; and if it be done, the regard and good will of great numbers of its friends and customers will be turned into hatred and hostility to your Bank; it will become more odious than a public executioner, inasmuch as it sacrifices the dead and the innocent. No man whose name is in its books will ever feel safe, for no one is so strong in wealth or high in credit, that visitations of Providence or the failure of those he trusts, may not rob him of ample means to pay his debts, and leave his name to be exposed in the catalogue. The customers of banks are always sensitive and easily alarmed, and they

will not fail to regard this as an entering wedge—the beginning of a series of exposures which will ultimately embrace every other transaction in your institution, and annihilate every protection to their business which is provided in the charter—the best of them will leave it and go into the private institutions; where Bank usage and a just appreciation of their own interests have invariably prevented such suicidal measures, and there will be left for the Bank of the State only the refuse and desperate. The end is easily foretold—its business and credit destroyed—itsself ruined, and the State subjected to losses of fearful extent.

This Resolution makes a fundamental change in the administrative policy of the Bank—in its charter. What is there to induce us to make it? Have private banks, ever awake to their own advantage, set us the example? Far from it; they know too well such proceedings would be fatal to their best interests. Does the past history of the Bank of the State show its necessity? Let facts give the answer. It was chartered at the beginning of the late war with England, and has existed thirty-three years. Besides this war, it has passed through several of the most fearful and trying vicissitudes to which human pursuits have ever been subjected—convulsions and reverses to commerce and agriculture which have produced the most hazardous conditions in the affairs of States and individuals. By a faithful adherence to its charter, it has been conducted safely and prosperously amidst all these trials for a third of a century; and besides, in ways and instances unnumbered, giving relief and assistance to its citizens, and even to the State itself, it has preserved its whole capital without loss, made enough of profit to cover all the losses by the bad debts referred to in this resolution, and has likewise paid a nett profit on its capital, exceeding seven per cent. into the State Treasury and to the State debt. It may well be doubted if any bank has, or could have done more.

2. This measure appears to me to contravene the charter, and to be in direct conflict with its provisions.

When the State, in 1812, decided to go into Banking, it decided to go into a pursuit private in its nature, as distinguished from sovereign or governmental functions. It could not carry on banking of itself, it would have been unconstitutional; it would not have been politic either, if it had been constitutional. The State, therefore, adapted her plans to law and policy, and chartered a corporation as her Trustees. She gave to these Trustees, as President and Directors, the management of the institution, under certain fundamental stipulations, which made the Directors Trustees, as much for those who dealt with the Bank as for the State, in all matters affecting these transactions. An oath is exacted of these officers faithfully to execute their trusts under the charter. The charter prescribed the conditions on which private persons might deal with the Bank, and set forth all the privileges retained by the State for looking into their accounts. The 10th Section of the Act (see Bank Comp. p. 6) embodies these provisions. It provides that the Legislature shall be furnished with general statements of the accounts of the Bank by the President and Directors, as often as required; that the Comptroller General shall inspect such general accounts as often as he pleases, and makes it his duty to report all violations of the fundamental rules of the corporation to the Legislature, and then adds the following important restriction—“Provided, however, that nothing in this clause shall imply a right of inspecting the account of any

private individual or individuals, or any body corporate or politic, with the Bank." In 1817 the charter was modified, so as to allow the Comptroller General to examine "all the books and accounts of the Bank of the State, except the personal Ledger or book in which the deposits of individuals are entered." (Bank Comp. p. 15.) In 1823, President Elliott, in his annual report, requested the Legislature to appoint committees periodically to examine the Bank; (Bank Comp. p. 354.) At the next session, viz.: 1824, an Act was passed further amending the charter, and providing for committees of investigation, and the fourth clause of that Act, (see Bank Comp. p. 24) declares "that all clauses or parts of clauses, in any Act of the General Assembly of this State, which may prohibit the said committee and the Comptroller General from investigating fully the books, accounts; and other documents of said Bank or its Branches, be, and the same are hereby, repealed." It will be observed that the restrictions which, before that, excluded not only the Legislature but its committees, were so far modified as to allow the examinations by committees, leaving the point of right, as to either House or the Legislature, just where it was before. The uniform practice of the Legislature, and of every Legislative Committee, has heretofore conformed, not only to this fundamental rule, but to its obvious policy. The Act of incorporation and all these modifications were the work of President Elliott, than whom the State has never had a purer or more wise or able servant. He early foresaw and carefully provided in the charter against the policy of these exposures, because he well knew they would prove ruinous to the business of the Bank.

This review of the legislation upon this subject, brings me now to the most important and unequivocal act of recognition of this principle, which is to be found in any part of the laws in relation to the Bank. I refer to the Act of 1843, (Stat. at Large, 1843, p. 262,) under which this call is made; it is entitled "An Act to restore to each branch of the Legislature the right of inquiring into the finances of the State." The first clause gives to each House separately the right to make calls for information from the Bank or its Branches, requiring the Bank to furnish what is called for, subject, however, to the second clause, which is in these words of the original charter, viz:

"Nothing in this Act contained shall imply a right to inspect the account of any private individual, body politic or corporate, with the Bank."

It will hardly be contended, seriously, that while the whole Legislature has, for thirty-three years, refused to itself any right to inspect these accounts on the books of the Bank, except by the Comptroller General and its Committees, that one House may have them copied, reported to itself, exposed, and even published. Has one House more power than both united? And can a charter, enacted by both, and amended by both, and in every act of enactment and amendment requiring the concurrent action of both, be rendered null and void and inoperative by the separate action of either alone?

It has been under the faith of this compact in the charter of the Bank, recognized so often in the legislation, and never violated in the practice of the State for thirty-three years, and which is sanctioned as much by a wise and sound policy as it is by the charter and practice of the State, that every debtor in the Bank, from its foundation to this hour, has dealt with it. He has had the promise of South Carolina, never yet broken to

any man, much less to those who are weak and have no strength but in her justice, that come what may, his accounts shall not be exposed—a promise which expressed no qualification, nor contained any condition authorizing it to be abrogated or set aside.

It has been suggested, however, that the Bank is the Treasury, and that the Legislature is bound to look into the Treasury, and may require every disclosure which it may think proper; and that its discounts and loans are to be considered as of the same character as those of the old Loan Office. If the Bank is the Treasury, its charter is nothing. But that charter is not a nullity, and while the Legislature, in it, retained to itself the most ample guards for looking into its operations by the Comptroller General and its own committees, it voluntarily stipulated with its customers that it would not violate the sanctity of their accounts by any inspection of its own. The case of the Loan Office cannot be considered as one of this character, nor be confounded with the transactions of a Bank. There the loans were by the State, made through its own officers. All the obligations of debt were in the name of and to the State; but in this case the transactions are with a corporation, whose officers are the trustees of all parties, and are appointed and sworn to carry out the trust according to the several Acts of charter. These Acts of the charter have given pledges which it would be as impolitic as unjust to disregard.

With these views I submit the whole matter to the judgment and direction of the Senate.

All of which is respectfully submitted;

F. H. ELMORE, President.

December 15, 1845.

*Extract from the Minutes of the Columbia Branch, 9th December, 1824.*

The Board met this day by special summons, to take into consideration a letter from Mr. Elliott, conveying a Resolution of the House of Representatives.

Present—W. J. Myddleton, President, W. C. Preston, Jas. Davis, D. Morgan, W. Hampton, J. M. Howell, M. Antonio, D. Faust, Robt. Stark, Thos. Taylor, W. Law.

After reading Mr. Elliott's communication and the Resolution accompanying it, Mr. Preston moved the following Preamble and Resolutions, which were unanimously concurred in.

The Board of Directors of this Branch have no question that the President and Directors of the Bank are authorized to give orders to the President of this Branch and enforce obedience. The Act of incorporation confers upon them this power, and this Board is not disposed to impugn it. The President of the Bank alone, however, has no such power under existing laws, and if the Act of Incorporation is to be considered as a charter, these laws cannot be changed but by consent of the President and Directors. If it is not a charter, it is at least a solemn Act of the Legislature, which cannot be repealed by a Resolution of the House of Repre-

sentatives. The President of this Branch, therefore, cannot legally recognize the extraordinary powers given to the President of the Bank by the Resolution of the 30th November.

This Resolution, which calls for the accounts of the Directors of the Branches, is also a contravention of that clause of the Act of incorporation which protects the accounts of individuals from exposure.

The Directors of this Board consider their accounts within the provision of the 42nd clause of the Act of incorporation, and within the exception of the 2nd clause of the Act of 1817, and the provision of the 7th clause of the Act of 1818. The 41st clause of that Act, prescribes the mode of investigating the Bank accounts. This Resolution is also in contravention of these Acts.

1st. *Resolved, therefore*, That the officers of this Branch be, and they are hereby, instructed not to expose the accounts of this Bank, in compliance with Mr. Elliott's request, made in conformity with the Resolution of the House of Representatives calling for information of the Legislature.

2nd, *Resolved, unanimously*, That this Board affects no concealment which they do not consider their solemn duty under existing laws to preserve, and that it is prepared to furnish at all times all information in regard to all accounts and transactions of this Branch, when required to do so by the President and Directors of the Bank.

3rd. *Resolved*, That the President of the Bank be furnished with a copy of this Preamble and Resolutions. Which was accordingly so done.

Laid on the table in the House.

(1824.)

#### *Report on the Removal of the Bank.*

The President of the Bank of the State of South Carolina, who was required by a joint Resolution of the Legislature of the State of South Carolina, "to enquire into the expediency and practicability of removing the Bank of the State of South Carolina from Charleston to Columbia, with the view of ultimately establishing, so soon as may be expedient, branches at Cheraw and Hamburg, and to report thereon at the meeting of the ensuing Legislature, taking into consideration the effect which would be thus produced upon the currency of the interior of the State." respectfully

#### REPORTS:

That on the practicability of removing the Bank of the State of South Carolina from Charleston to Columbia, no doubt can be entertained. Every institution of this nature must possess the power of closing its business in a limited period, and of course, transferring its funds whenever the owners of them may deem it necessary. Circumstances, however, will always increase or diminish the difficulties of its operation. When the funds are to be distributed among individuals, or transferred to another institution

in the same neighborhood with the one suppressed, no expense and little delay will be incurred, for specialities may be assigned, when they are found as good, as readily as money. And only the amount and description of the several denominations of notes, bonds, stock or money, may have to be registered and adjusted. But where the funds of a Bank are to be removed to a distance, the difficulties increase, because the specialities, in many cases, may not be removable, but must be collected, and the funds must be transferred only when converted into money. In the present instance, that part of the funds of the Bank in Charleston, which consists in notes or specialities due to the Bank, is almost exclusively due by persons residing in the city or in the adjacent districts. These notes or bonds were given under the expectation that their payment would be demanded in Charleston. Most of them are actually payable in the city, and in most instances it would suit neither the wishes nor the arrangements of the drawers to have them transferred to Columbia. It would be necessary to collect them where they are legally due, and to remit the amounts when received to the points where they are destined to be employed. This measure, therefore, will produce all the trouble, the delay and expense which attend a final settlement of the affairs of a monied institution, and would appear to be injudicious, unless the objects which call for its adoption are of high and paramount importance.

The expediency of this measure ought, therefore, to be maturely weighed, and must be considered, as directed by the Resolution of the Legislature, under the double view of the influence which the removal of the Bank to Columbia may have on the currency of the State, and on the facilities it should afford for the future establishment of branches at Cheraw and Hamburg.

Every Bank that issues paper, and wishes to maintain its credit, while it transacts business as extensively as its capital and the calls of the country will justify, must either keep at all times a sufficient quantity of specie to meet the demands which may be made upon it, or must have access to a market where specie may be obtained whenever it may be required, or which shall afford the opportunity of procuring other funds that may be equivalent to specie. In addition to these means, or rather as an auxiliary resource, it ought to possess the power, on any emergency, of calling in such a portion of its outstanding debts as may relieve it from any temporary embarrassment. In all of these respects a large commercial city offers great advantages.

1. Through the markets of an important commercial city, specie is frequently, if not always passing, and when as an article of commerce it is not in particular demand, it is often deposited in the vaults of the Bank, and aids them in the circulation of their paper.

2. When, as an article of commerce, it is passing through the market, it can always be procured by institutions on the spot at a fair value, and without the expense of agents and commissioners. At particular periods, even the opportunities of purchasing specie occur but rarely, and must be promptly embraced. All the institutions which have attempted to import specie on their own account, have found the effort attended with great expense, and some risk.

3. When specie is demanded from a Bank to any amount, it is in most cases for the purpose of remitting it to some other market. Those who observe the course of business and exchange, can generally foresee when

and where funds will be wanted, and by availing themselves of the fluctuations of exchange, can provide without loss for many of the calls which are made for specie. In large commercial cities, bills of exchange are always in the markets at prices regulated by the actual operations of commerce. By purchasing them at reasonable prices, available funds can usually be vested in whatever place it appears to be probable that, in the arrangements of commerce, funds will be required. In a town of small or circumscribed business, bills of exchange are seldom offered for sale, and if wanted, they either cannot be obtained, or can only be drawn into market by the temptation of an extra premium.

4. Another very important advantage is, that a large portion of the discounts made in a commercial city, are of a nature not likely to be permanent. They are on notes given in the course of business, for real transactions, and are frequently paid in full at the periods when they become due. Even if these notes should be partially received, yet as they generally have on them the names of persons not at all connected in business, it becomes the interest and the wish of all parties to settle them as speedily as possible. From this cause it happens, that when heavy demands are felt or apprehended, relief may be obtained without any unpleasant pressure on the debtors of a bank, merely by ceasing to do new business, and by retaining in the coffers of the Bank the money which, during each week, is paid on the notes which have become due. Thus, in the summer of 1819 a large amount was collected by the Bank of the State of South Carolina, in Charleston, without any distress to the public; and those who remember the misfortunes of that year will readily recollect how much those misfortunes would have been aggravated, if a general call for payment had been made by all of the Banks.

It is believed that much evil was averted by the course which this very Bank pursued, and yet that system could not have been adopted, unless its local position, in addition to the precautions of its managers, had enabled it to provide means to meet the claims which were made upon it. It is necessary to add, that in a town not extensively commercial, this silent but efficient resource cannot be found.

It therefore appears evident, that in a place of comparatively small business, where few of those adventitious aids occur, a Bank must either reduce its business very much, or must incur a very considerable expense to maintain its credit, either of which must consequently reduce its income; or if it should neglect these precautions, it must hazard perpetually the loss of its credit, and the consequent depreciation of its paper.

It is unwise to suppose, as has sometimes been done, that a Bank, by a removal from a commercial or seaport town, will be removed also from all applications for specie. If specie, as an article of commerce, is really wanted, neither the distance nor the expense of removing it from Columbia to Charleston will cause any diminution in the demand. In 1819 and 1820, specie was called for in Ohio and Kentucky, and transferred to Philadelphia. But even if it were to be presumed that the distance interposed some obstacle, another evil might occur, and we might have to apprehend that the bills of such a Bank would be refused in the commercial cities, where they could not be made to answer the purposes of the holder, and from that cause alone they would inevitably depreciate. The very apprehension that a removal was made to avoid specie claims, would produce this effect.

It is presumed in this enquiry, that the State will not be willing, certainly cannot desire, to have the bills of this Bank discredited, or to see them circulate at a depreciated value. The States where a depreciation of currency has occurred, have been exposed to many inconveniences. All are now anxiously endeavoring to place the paper of their banks on a solid and permanent basis. It is, therefore, unnecessary to state the inconveniences which would result from such a measure. But a confident expectation is entertained, that having surmounted the difficulties which beset us in 1819-20 and '21, they will not be voluntarily encountered at this late period.

These observations are candidly made, not because the resolutions of the Legislature would seem to sanction any belief that it was the wish or intention of that body to expose or hazard, in the slightest degree, the credit of the currency of the State; but because many individuals, some of them men of great integrity and experience in business—some men, on whose judgments much reliance ought to be placed, have expressed such an opinion, and maintained, that as long as the paper of the Banks of Georgia and North Carolina continues at a depreciated standard, the State ought, in justice to its own institutions, to adopt a similar system. It is true that the state of the currency in the adjoining States for the last four years, has thrown a heavy burden on the Banks of this State. They have been obliged to furnish nearly all the specie-balances which, in that period have been remitted from the Southern to the Northern States; they have virtually furnished funds to pay nearly all the revenue which the Government of the United States has collected in the south-eastern division of the Union, and the exertions which they have made to sustain the credit of their paper, seems only (perhaps necessary for the condition of the currency in the adjoining States,) to have increased the demand upon them. But they have derived some compensation in the extended circulation of their bills, and some anxiety is therefore felt that the Bank of the State of South Carolina should be permitted to remain where the means of preserving the credit of its paper are most easily, cheaply, and extensively to be procured.

It remains then to enquire, what facilities the removal of the Bank from Charleston to Columbia would afford for the future establishment of branches at Cheraw and Hamburg?

That the removal of the Bank would increase the capital at Columbia is certain; and for a time some advantages would be given to the commerce of this place. But even these advantages must cease if that capital should be, as suggested, transferred to other Districts, and it may be doubted whether the accommodation given to Columbia, by the present arrangements of the Bank, is not more beneficial than its actual removal. During the last season, nearly, if not all of the good drafts offered in Charleston, were discounted by the Branch at Columbia, and sent to the parent Bank for collection; and for some months much of the funds of the institution were applied to this object; because it caused the payment of large sums into the Bank at Charleston, when at times such payments are important. To the merchants and planters in and around Columbia, this operation was, in many instances, more convenient than a discount on notes ultimately payable in Columbia, as it enabled them to draw funds from Charleston without trouble or expense. Many have expressed an anxious wish that the system should be extensively pursued. But a Bank placed in Colum-



bia, without a branch in Charleston, could not engage in such transactions without connecting itself with some other institution in that city.

On the other commercial towns in this State, Camden, Hamburg, Cheraw, the disadvantageous effects of this removal can scarcely be questioned. Charleston is, and perhaps must forever be, the commercial emporium of a large extent of country, comprehending all those Districts of South and North-Carolina connected with the waters of the Santee and Pee Dee rivers, and probably much of the country drained by the Savannah river. The business of Charleston must increase with the population, the wealth, and enterprise of this whole District; and if the inhabitants of Charleston view their own interests correctly, it seems unquestionable that they would rejoice in the prosperity of every commercial town throughout that tract of country, and would promote by every practicable means, the extension and the activities of their commerce. It appears to be a causeless jealousy which apprehends injury, if not ruin to Charleston, from the increase of the retail trade of the towns in the interior country. Much as the decline of a particular trade in that city, and the depreciation in the value of the property connected with that trade may be lamented, it was scarcely to be expected, that the inhabitants of the upper Districts would continue long to travel one, two, or three hundred miles, for the supply of every petty want. It is from other sources that Charleston must derive her wealth. It is not by her retail trade that Liverpool has become a great emporium in England, but because she sends abroad the productions of Manchester, Leeds, Birmingham, and the hundred manufacturing towns of the adjacent countries, and supplies them from abroad with the materials which their manufactures and the commodities which their consumption necessarily demands. No one will suppose that the trade of Liverpool would increase if their large trading and manufacturing towns should be destroyed, and the consequently diminished population of the country compelled to resort to Liverpool for the supplies of her most trivial wants. With the growth of these towns her own prosperity has advanced, in their commerce her increasing wealth has found employment and profit.

It is not by a retail trade that New-York has become the great commercial emporium of the United States, but because she supplies hundreds of towns connected with her in business with the articles which are consumed in their respective neighborhoods, and sends abroad the surplus productions of their soils.

Upon the same principles, if on a smaller scale, Charleston seems destined to be the commercial emporium of a certain District of country, and it must be obvious that her prosperity must increase with the prosperity of that country, as long as she imports the groceries that the inhabitants of that District consume, much of the apparel that they wear, and all of the other foreign productions that they require, and exports in return the produce of their farms and of their labor; it is her interest that this District should be crowded with inhabitants, animated with the commercial activity which towns excite, and abounding in wealth. From their mutual intercourse she will derive riches, and in the arrangements of that intercourse her inhabitants will find employment. She will therefore pursue her true and enlightened policy, by promoting the welfare, not of one spot, but of every portion of this district of country; and it will be her interest to aid every rising town, and every important enterprise within the sphere of her commercial operations. The Directors, therefore, of a Bank in Charleston,

must, if they feel as citizens of Charleston, be anxious to give, as far as their power extends, assistance to every place within that circle; and the Directors of a public institution, such as the Bank of the State of South-Carolina, would, it is to be presumed, readily and impartially grant to any adversary of our inland towns which may be well located and may appear likely to flourish, a branch of that institution, as soon as its means would enable them to establish one, and would afford to such branch as much capital as they could possibly spare. They could have no interest in favoring one spot, and neglecting another. What difference, for instance, would it make to the commerce of Charleston, (to speak on general principles, and not as individuals may be affected) whether the business of Lancaster and Chesterfield and the adjacent districts of North-Carolina, should be transacted at Cheraw or Camden? The same demand, in either case, would be made on the Charleston market, and the same supply furnished. What difference would it make whether the business of Fairfield, Chester, Union, York, &c., should centre in Camden or Columbia? To the inhabitants and commerce of Charleston, the result would be precisely the same. But to the inhabitants of Columbia, would there be no difference? In the interior, the towns in the same neighborhood, or in the same geographical parallel, stand as rivals to each other. Each strives to attract and monopolize the business of as extensive a portion of the adjoining country as possible. Each is very much and very naturally disposed to consider every accession of funds to the trading capital of its neighbors, as so much probably deducted from its own means, and the business transacted in their markets as so much irrevocably withdrawn from the sphere of its own attraction. The produce carried to Hamburg or Camden can by no reaction revert to Columbia. The commerce once fixed in those places, can, but with difficulty, be recalled. It is, therefore, an almost inevitable conclusion, that the inhabitants of Columbia cannot feel interested in promoting the commercial prosperity of these rival towns; that the facilities she must afford, she would afford reluctantly; that the funds she might be compelled to spare, would be distributed with hesitation and delay.

It therefore appears that the interest of the State, at large, requires the continuance of the Bank of the State of South-Carolina at Charleston.

Because, in that city it could most easily, cheaply and certainly procure means to support the credit, and extend the circulation of its paper.

Because it could transact a great deal of that business which leaves a Bank in possession of a portion of its funds, or enable it to recall them whenever circumstances require their collection.

Because it offers to Columbia, in its present position, many advantages and facilities which perhaps would not be incurred by the removal of the Bank itself.

And because the other rising towns in Carolina, Camden, Cheraw, Hamburg, will be cherished from motives even of local and personal interest, as the inhabitants of Charleston must perceive that the commercial prosperity of their own city, would be promoted by every act which extends the commerce of any or every portion of that country to which she must be the emporium or distributing market. To every rising town in that District she would grant funds readily, liberally, and impartially, as she would remain the great centre of their business—the reservoir into which the streams of their commerce must necessarily flow. To Charleston these towns would be considered as affiliated communities—to Columbia they must stand as rivals. All of which is respectfully submitted.

STEPHEN ELLIOTT.

# REPORTS

OF

## COMMITTEES OF WAYS AND MEANS.

*In the House of Representatives, Dec. 5, 1817.*

The Committee of Ways and Means, to whom was referred the Report of the President and Directors of the Bank of the State, beg leave to report:—That they are unwilling to omit this opportunity of expressing their approbation of the manner in which the Bank appears, by the report, to have been conducted. The dividend of \$76,507 91, which has been paid into the treasury of the Lower Division, affords the best evidence within the power of your Committee, of the able manner in which that institution has been managed. The purchase of the banking house appears to have been necessary, and your Committee have every reason to induce them to approve of all the measures adopted to effect that purpose.

*In the House of Representatives, Dec. 13, 1820.*

The Committee of Ways and Means, to whom was referred a Bill to repeal the second clause of an Act, entitled "An Act to prohibit the issuing of bills or negotiable notes under the denomination of one dollar, and for other purposes therein mentioned," report, That they have had the same under consideration, and recommend, that the Act alluded to be not repealed; but as they believe that serious inconveniences have been suffered by the citizens of this State, for want of a specie circulation, or small bills as a substitute therefor, and as they are satisfied that great profit would accrue to the Bank of the State by issuing a larger amount of bills of a small denomination, they recommend that the President and Directors of the Bank of the State of South Carolina, be required to issue and keep constantly in circulation a sum not less than one hundred thousand dollars of bills under the denomination of one dollar; and the said President and Directors are further directed to put in circulation, in the Upper Division of the State, the sum of eighty thousand of the above amount.

(1821.)

*Report from the Committee of Ways and Means.*

The Committee of ways and means, to whom was referred the Report of the President of the Bank of the State of South-Carolina, beg leave to report: That they have taken the same into consideration, and deem it inexpedient at this late period of the session, to call the attention of the House to the many and various financial views embraced in that Report. They conceive that the Report will remain as a valuable record on the Journals of the Legislature, to guide its future policy in relation to the Bank, which is annually becoming an object of increasing interest and solicitude with the State.

JAMES HAMILTON, Jr. *Chairman.*

*December 18, 1821.*

*House of Representatives, Dec. 5, 1823.*

The Committee of Ways and Means, to whom was referred the Resolution directing an inquiry to be made, whether it was the intention of the Legislature, in creating five and six per cent. stock by the Acts to raise supplies in the years 1821 and '22, that the certificates of stock; when transferred, should be countersigned by the Comptroller General, report, That they have examined the same, and are of opinion that it was the intention of the Legislature that all issues of stock, either in the first instance or by transfers, were to be countersigned by the Comptroller General; but in consequence of that officer residing in Columbia, and the uncertainty whether Comptrollers elected in future will reside in Charleston, your Committee recommend that the Acts to raise supplies for the years 1821 and '22, be so amended, that in future all issues or transfers of stock shall be countersigned by the President of the Bank of the State of South Carolina for the time being.

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(1823.)

The Committee of Ways and Means, to whom was referred the Report of the President and Directors of the Bank of the State of South Carolina, and with it the statement of the Sinking Fund, beg leave to report: That they have had the same under consideration, and given them the attention which the importance of the subjects so deservedly requires; and after mature reflection, are of opinion, that it is, at this period, inexpedient to increase the capital of the Bank. It is deemed proper, however, to state, that the expression of this opinion is founded on the fact, that there are no means in the power of the State to increase the capital of the Bank, but by creating stock, at an interest payable quarterly. If the State had at its disposal a full Treasury, and a question to increase the capital of the Bank was agitated in your Committee, an expression of a different opinion might be the result.

When to increase the capital of the Bank it becomes necessary to create stock, it is, to say the least, but a doubtful question, whether in the end it will prove sufficiently advantageous to the State to hazard the experiment. It must be recollected, that not only the capital of the Bank, but the faith of the State is pledged; consequently the property of every individual is more or less bound for the redemption. The security of the holder is beyond a doubt, whilst on the other hand, the State is, by its banking operations, loaning to individuals, the security of which is liable to, and can be affected by mismanagement, corruption, depression of property, by war, and many other circumstances. Your Committee do not pretend to deny, that the issue of the bills to the amount allowed by the Charter, as well as the privilege of discounting notes to treble the amount of its capital, has yielded not only a sufficiency to meet its losses, but to declare considerable dividends, as has been evinced by the statement of the Bank of the State. Yet considering the pressure which is now felt by every class of the community, the perfect security of the one, and the uncertainty of the other, have come to the decision on this subject as already expressed.

Of the propriety of the legislature incorporating private Banking institutions in the commercial towns in the interior of the State, your Committee would refer you to so much of the Report of the President and Directors of the Bank, as relates to this subject, and leave the expression of opinion to the decision of the Legislature.

To the propriety and policy of making it an established custom, of appointing a Joint Committee of both Branches of the Legislature, at each session, to inspect the books and examine the operations of the Bank and its Branches, your Committee are decidedly opposed. It must be satisfactory to the President and Directors, who have so faithfully discharged their duties, that an investigation of their conduct might be made as often as the Legislature shall see fit. But to the propriety or advantage, there are many objections. These examinations, from a variety of circumstances, can be of little advantage. The distances of the mother Bank and its Branches, and the time it would necessarily take to proceed from one to the other, and to examine the concerns correctly, would be a labor of such an extent, that it would be totally out of the power of any Committee to devote the time to that examination, which is deemed necessary should be given, either to prevent being lulled into false security, or to ensure satisfaction either to the Legislature, or the community. Your Committee are fully aware, that if Committees are to be appointed, it would be preferable that a permanent law to that effect should be enacted, as appointments otherwise create in the public opinion, both at home and abroad, distrust in the credit of the institution. It is however deemed necessary, that the transactions of the Bank should at times be examined, and if any aberration in the management of its affairs, it should be made known to the Legislature. Your Committee beg leave to recommend that the charter of the Bank of the State of South Carolina be so far amended as to allow the Comptroller General a seat at the Board of Directors, at the mother Bank and its Branches, and to make it his duty to attend from time to time, and as often as he can make it convenient examine the books (and the vaults if he shall deem it necessary,) and shall annually report to the Legislature any impropriety or mismanagement which may have passed under his notice. But in no instance shall the Comptroller General be either allowed to vote, or permitted to express an opinion on any subject before the Board.

CHARLES JOHN STEEDMAN, *Chairman*.

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*In the House of Representatives, Dec. 3, 1824.*

The Committee of Ways and Means, to whom was referred the Report of the President and Directors of the Bank of the State of South Carolina, in regard to the operations of the Bank for the past fiscal year, respectfully Report, That they have examined the same, and find that the proceeds of the Bank for the past year, amounted to one hundred and sixteen thousand three hundred and fifty dollars 58-100; that this amount has been transferred to the credit of the Sinking Fund, agreeably to the provisions of the Act of Assembly upon the subject; and that the aggregate amount of that fund, in October last, (the time to which the Report is brought,) was two hundred and fifty-three thousand sixty-seven dollars and 57-100, subject, of course, to the payment of the interest which may accrue during the ensuing year upon the five and six per cent. stock of the State.

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A Report of the Committee of Ways and Means upon the finances of the State, made the 11th of December, 1829, touches slightly upon the

Bank; expressing the belief that the Bank will be able to pay off the public debt as it comes due. The Report is mainly upon other topics, and is therefore omitted.

(1830.)

The Committee of Ways and Means, to whom was referred the Report of the President of the Bank, and the Report of the Comptroller General, respectfully Report:

That they have considered the financial situation of the State, as exposed by these documents, with all the care and deliberation the importance of the subject demands; and although the conclusions deduced by the Comptroller from the statements made by the Committee of Ways and Means the last year, are certainly correct, your Committee believe that his report does not entirely disclose the financial resources of the State, or the true capacity of the Bank to meet the calculations upon which the taxes were reduced. All the calculations of the Comptroller appear to rest upon the assumption: 1st. That the Bank, with the Sinking Fund, after paying the interest upon the debt of the State, amounting to \$85,500, would leave a surplus of only \$25,000 to be carried to the Sinking Fund; and 2d, that all the other resources of the State will be inadequate to meet its expenses. Your Committee will consider these propositions in their order.

The first question which will occur, in considering the resources of the Bank, will be, what, in reality, is its banking capital? It has been customary, in the reports submitted to the Legislature, to consider the original capital of the Bank, consisting of \$1,196,220, as its only banking capital; and all the calculations of its profits have been based upon this supposition. Hence the common error that the profits of the Bank have been enormous. The truth is, that the Sinking Fund, forming at this time a permanent and increasing deposit of \$389,667, has all along been a portion of the capital, upon which the Bank has carried on its operations. In all calculations, therefore, upon the future operations of the Bank, this fund must be taken into consideration as a source of profit, or the purpose for which it is deposited with the Bank, will not be accomplished.

Considering, then, the Bank capital and the Sinking Fund as the source of banking profit, the question will occur, what amount of profit, under a prudent and energetic course of administration, may the Bank be expected to realize? Your Committee will not disguise the fact, that their calculations are not based upon the operation of the Bank, as it has been conducted for some years past. Although safely and prudently conducted, its energies have been cramped, and its profits curtailed, by the system of nominal renewals. It would appear to be obvious, that if a Bank throws its paper into circulation, and does not by a vigorous system of discounts, call a sufficient portion of it in, at short and stated periods, to meet the drafts of other Banks, and the demands of individuals, its issues must either be exceedingly limited, or it must exhaust its capital in redeeming its paper. The former effect has actually been produced upon this Bank. For several years past, the amount of its paper in circulation, has been little more than its permanent capital. In order that the views of your Committee may be more clearly seen, they will take the situation of the Bank as it exists at present, by which to test their observations.

The Bank capital consists of.....\$1,156,318

The Sinking Fund of.....389,667

The average amounts of deposits which is usually banked upon, or is equivalent, at least, to so much of the Bank's paper in possession, is----- 365,000

Making in Bank-----\$1,910,985

The amount of Bank notes issued of and over one dollar, is \$1,600,000; of which \$500,000 are usually in Bank, leaving in circulation, \$1,100,000; and if from this balance be taken \$345,000 of one and two dollar bills, rarely the subject of exchanges with other Banks, the whole amount in circulation for which the means of exchange must be provided, will be only \$755,000. Here then is a capital in Bank to the amount of \$1,910,985, and the whole amount of paper for which the means of exchange must be provided, is \$755,000. Can it be doubted, if these facts be correct, that the Bank can sustain a much larger issue, or that the limited amount of paper it has in circulation must be occasioned by its tardy and nominal renewals? The effect of a more vigorous system of operation, it appears to your Committee, may be affirmed, from the experience of the last year. Larger reductions upon renewals have been demanded, and the result has been, an increase of specie in the vaults of the Bank, and a balance against the United States Bank of one hundred thousand dollars, at a season of the year when the deposits from the taxes are abstracted; whilst the nett profits of the Bank have exceeded the ordinary income by six thousand dollars. These facts, which your Committee believe to be undoubted, whilst they evince the capacity of the Bank, disclose, also, that its operations have hitherto been too sluggish, and that its issues are too small. A continual balance against no Bank is desirable. All that an institution of this kind should seek for or attain, is to keep on an equality with its sister institutions.

It cannot be said that there is no demand for an additional issue throughout the State. The commercial interests of the interior, cannot now be accommodated, from the want of a sufficient circulating currency; and the petitions made to the Legislature for the incorporation of Banks, do not proceed from the mere spirit of speculation. A depreciated currency from the Banks of Georgia, is used from necessity as a circulating medium; whilst merchants of the first respectability and credit, are often shackled in their operations, from the incapacity of the Bank to accommodate them.

Your Committee, therefore, beg leave to submit the calculation marked A, annexed to this report, based upon the supposition that the Bank issues \$300,000 more paper than it now has in circulation, and that it makes six per cent. profit upon this issue; from which it will appear, that it is by no means extravagant to suppose, that nearly the whole public debt will be provided for, as it becomes due.

The other proposition of the Comptroller, is, that the ordinary income of the State under our reduced taxation, will be inadequate to her expenditures. It is true that our excess of expenditures, over our income from the Treasury, the last fiscal year, has been seventeen thousand dollars; but your Committee believe that there were demands upon the Treasury, during this period, which will not be included in our ordinary expenditure.—Upon the following items alone, it is believed that the following amounts will be saved from the appropriations of the last year.

Internal Improvement.....	\$16,000
Public Buildings.....	15,000
Census, Lunatic Asylum, and Fire in Camden.....	8,000

Making an aggregate of.....\$39,000

This amount will probably supply the deficiency of the last year.

Your Committee will also beg leave to express their opinion, that the amount of money expended by the system of free schools, is in no proportion to the benefit dispensed. The system ought either to be revised, so that a more efficient and responsible application of the large amount of \$40,000 annually, shall be secured, or it ought to be entirely abolished.—As now administered, although not without some benefit, it is a system of irresponsibility, extravagance, and waste, and the money had better either be left with the people, or applied to the payment of our debts.

In taking a view of the financial resources of the State it may not be improper to bring to the attention of the House, those debts of a large amount due the State, which will probably be recovered, and in a few years, will form a part of our financial resources.

Debt due by the United States.....	\$200,000
Sale of Hamburg.....	30,000
Bonus of the Union and Planters' & Mechanics' Bank.....	50,000

Making the aggregate of.....\$280,000

Your Committee have thus been elaborate in their report, to justify their opinion, that it would be inexpedient to raise the taxes upon the people, or to provide other means than those we now possess, until a few years shall disclose more clearly what are the resources of the State, to meet her debt. Under the present aspect of affairs, they appear to your Committee to be adequate to her wants. Time will prove whether your Committee are erroneous in their calculations: and time will bring also the capacity to rectify them, and to sustain the credit and honor of the State.

All of which is respectfully submitted.

R. B. SMITH, *Chairman.*

TABLE A.

Amount of profits for the year 1830.....	\$181,000
Amount of income from additional issue of \$300,000.....	18,000
This amount will be chargeable with.....	\$149,000
Paying interest on 6 and 5 per cent. stock.....	\$85,500
Profit and loss account.....	10,500
To be carried to the Sinking Fund annually.....	53,000
1831 This amount to Sinking Fund.....	\$53,000
1832 Proceeds of this fund at 6 per cent.....	3,180
Annual profits of the Bank.....	53,000
	\$109,180



	\$109,180
1833 Proceeds of this fund.....	6,550
Annual profits of the Bank.....	53,000
	\$168,730
1834 Proceeds of this fund.....	10,123
Annual profits of the Bank.....	53,000
	\$231,853
1835 Proceeds of this fund.....	13,911
Annual profits of the Bank.....	53,000
	\$298,764
1836 Proceeds of this fund.....	17,925
Annual profits of the Bank.....	53,000
	\$369,689
1837 Proceeds of this fund.....	22,181
Profits of the Bank.....	53,000
	\$444,860
1838 Proceeds of this fund.....	26,601
Profits of the Bank.....	53,000
	\$524,551
1839 Proceeds of this fund.....	31,473
Annual profits of the Bank.....	53,000
	\$608,924
Profit and loss on this amount, discount on Sinking Fund, } vis: \$2,812,000.....	14,060
	\$594,864
Sinking Fund now created.....	304,167
	\$899,031
To pay off 6 per cents. due in 1840.....	800,000
	\$99,031
Sinking Fund to redeem 5 per cents.....	
1840 Annual profits of the Bank.....	84,000
	\$183,031
1840 Proceeds of this fund.....	10,981
Annual profits of the Bank.....	84,000
	\$278,012
1841 Proceeds of this fund to redeem 5 per cents.....	200,000
	\$78,012
Profit and loss account.....	2,312
	\$75,700

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1842 Proceeds of this fund.....	4,542
Annual Profits of the Bank.....	84,000
	<hr/>
	\$164,242
1843 Proceeds of this fund.....	9,854
Annual profits of the Bank.....	84,000
	<hr/>
	\$258,096
1844 Proceeds of this fund.....	15,485
Annual profits of the Bank.....	84,000
	<hr/>
	\$357,581
To redeem 5 per cent. stock.....	250,000
	<hr/>
	\$107,581
1845 Proceeds of this fund.....	6,454
Annual profits of the Bank.....	83,000
	<hr/>
	\$198,035
To redeem 5 per cents.....	300,000
	<hr/>
Deficit to be advanced by the Bank, and repaid from the } profits of the year 1846.....	\$101,965

( 1831. )

*Report of the Committee of Ways and Means.*

The Committee of Ways and Means, to whom was referred the Report of the President of the Bank, and the Report of the Comptroller General, and also so much of the Governor's Message as relates to the Finances, respectfully report,

That in submitting their report the last year, upon the financial resources of the State, they could neither have intended useless reflections upon the Comptroller General, or to extend instructions or directions to those who govern the Bank. Neither self-respect, nor a sense of duty, would have justified such a course. The Comptroller had recommended that the taxes should be raised upon the people; and the report of your committee was made for the purpose of showing, that with the resources possessed by the State, it was inexpedient at that time to adopt this remedy, which nothing but the clearest and most absolute necessity can ever justify. The object of the report is disclosed in its concluding words, "Your committee have thus been elaborate in their report, to justify their opinion, that it would be inexpedient to raise the taxes upon the people, or to provide other means than those we now possess, until a few years shall disclose more clearly what are the resources of the State to meet her debts. Under the present aspect of affairs, they appear to your committee to be adequate to her wants. Time will prove whether your committee are erroneous in their calculations, and time will bring also the capacity to rectify them, and to sustain the credit and honor of the State."

When the taxes were reduced in 1829, they were not reduced until after a full and elaborate consultation with the President of the Bank, the late Mr. Stephen Elliott. The Committee of Ways and Means had but two sources of information, as to the resources and capacity of the Bank—the reports of the biennial committees appointed by the Legislature to investigate its affairs, and the communications, written and verbal, of the President. From the former, they learned the soundness of this institution—from the latter, they were informed of its capability; and this Committee, assuredly, would not have recommended a reduction of the taxes, had they not been supported by the illustrious individual who presided over the Bank, in the opinion, that the Bank was fully capable by its resources of meeting the payment of the public debt as it should become due. The subsequent President, Mr. Thomas Bennett, coincided with Mr. Elliott and the Committee of Ways and Means, in this opinion. If, therefore, your Committee have erred, they have erred in common with the two able financiers, who have lately presided over the Bank. But your committee do not believe that they have erred. Their calculations may have proved fallacious, from causes then not developed or known, (certainly not communicated to your committee,) but with the information they possessed, those calculations were sustained by the soundest principles of banking. The distinguished and faithful public officer, who now presides over the Bank, does not doubt the capacity of the Bank to fulfil the expectations held forth by your committee, in paying by its resources, the whole of the public debt, were it not for the causes he assigns—“My surprise and disappointment cannot be described at finding how difficult it was to call in payments, even on the operative paper which had been long in Bank. For, before I went into office, I had always supposed that Bank debts must be paid, (by those who had property) whenever demanded, or that, at all events, the instances to the contrary were very few.” “I found in a short time, from the operations of the Bank, and the calls made by the United States Bank, that the lowest amount of issues which had been proposed, exceeded the safe limit.” Now, neither of these difficulties were communicated or known to your committee. They were aware of the system of nominal renewals which existed in the Bank, and, therefore, as a part of their operation to sustain the larger issue, they suggested the necessity of larger payments upon the renewals; but inability of obtaining these payments was not suggested to your committee, because, we presume, it was not ascertained. Nor was the United States Bank, as a disturbing cause to the operations of the Bank, either intimated by the President of the Bank or the Comptroller General. On the contrary, a large balance of \$100,000 was reported by the President to exist against this Bank; and under the course of its administration, no doubt was suggested of the entire independence of our State institution of its operations. If this was not the case, it was the duty of the President and the Comptroller General to have communicated the fact to the Legislature. Their reports, however, contain no such suggestion; and in the objections urged before your committee the last year by the Comptroller, against the views of your committee, they are not aware that the United States Bank was even mentioned. No doubt was ever entertained of the powers of the United States Bank to cripple or destroy the local Banks of the State; but the testimony of Mr. Biddle before the Senate of the United States, and the professions of its officers generally, in connection with its course of business, induced the belief, that for some years past, at least, its practice had

been far short of its powers, and that the public good had been a motive in its operations. If it has changed its course during the last year, it could scarcely have been expected; and if it has now commenced the accomplishment "of that object, so often hinted at by its stockholders, of standing alone in society," it may become the duty of the State, not only to inquire by what authority it controls the finances of the State, and the property of her citizens, but to drive every citizen of the State from its support.

The Comptroller, in his report, submitted at the present sitting of the Legislature, whilst reviewing the innumerable errors of your committee, in their report of the last year, notices, indeed, the difficulty of obtaining large payments upon discounts, and the influence of the United States Bank upon our State institution. If the report had stopped here, your committee would not have been disposed to question the soundness of the Comptroller's suggestions, although they would have been more beneficial the last year. But he attempts, in a labored effort, to impugn the report of your committee upon the general principles of banking, to which alone your committee could resort, with the information communicated to them. As these principles, in the present situation of the finances of the State, cannot be made too familiar to the House; from a regard to them, your committee beg leave to submit a few observations on their report of the last year, and on the Comptroller's criticisms.

The proposition put forth by your committee, was this, that a Bank, situated like that of the State of South Carolina, with the aid of Branches, could maintain, in actual circulation, one-half as many notes as it had banking capital. This proposition is contained in the following words—"In order that the views of your committee may be more clearly seen, they will take the situation of the Bank, as it exists at present, by which to test their observations."

The Bank capital consists of.....	\$1,155,318
The Sinking Fund of.....	389,667
The average amount of deposits, which is usually banked upon, or is equivalent at least to so much of the Bank's paper in pos- session, is.....	365,000
	<hr/> \$1,910,985

"The amount of Bank notes issued of and over one dollar, is \$1,600,000; of which \$500,000, are usually in bank, leaving in circulation \$1,100,000; and if from this balance be taken \$345,000 of one and two dollar bills, rarely the subject of exchanges with other banks, the whole amount in circulation, for which the means of exchange must be provided, will be only \$755,000. Here then is a capital in Bank, to the amount of paper for which the means of exchange must be provided, of \$755,000." The committee suggested that the Bank could maintain, upon the general principles of banking, an issue of 300,000 more notes, making the notes in actual circulation about one-half the banking capital.

The facts of this statement your committee will not attempt to support, as they were obtained from the high authority of the President of the Bank. From the objections of the Comptroller, the first question they present for inquiry is, whether the capital upon which the whole calculation is based, is really banking capital. The Comptroller has not objected to the capital of \$1,156,318, but he appears to deny that the Sinking

Fund, in the above statement put at \$389,667, and constituting a permanent deposit, for nine years, is of more utility to the Bank, as a source of banking profit. He says "in looking backward on the progress of the Bank, we are unable to detect its influence." And that, "it has never been in bank, but consists of a portion of its discounts."

To your committee it appears plain, that all deposits of a permanent nature, like those of the sinking fund, and the average weekly or monthly deposits of individuals, must consist of one of three things:—1st. of specie; 2dly. of notes of other Banks, paying specie; or 3dly. of the notes of the Bank where the deposits are made. If the deposits are of specie, which is seldom the case, there is no question that it can be banked upon, because the specie will be in Bank to answer the notes issued on its faith. If the deposits consist of the notes of Banks paying specie, these notes can as certainly be banked upon; for if the worst occurs, and specie should be demanded for the notes issued on their faith, by requiring specie in payment of the notes of the Bank paying specie which owes them, the specie will be obtained, to redeem the notes issued on their faith. If, lastly, the deposits consist of the notes of the Bank where the deposits are made, as these notes were already in circulation on the faith of capital in Bank, they may again be issued; by the ordinary banking business of discounting the notes of individuals. Thus, in any point of view, permanent deposits are a legitimate source of banking, and your committee have correctly stated the sinking fund, and the average deposits of individuals, as a proper source of banking profit. But the Comptroller is unable to detect the influence of this fund. This might be the case, and yet the statements of your committee be unimpugned. Banking capital is one thing—its use is another; and the Comptroller might, probably, have discerned, that the suggestions of your committee, of a more vigorous system of discounts, supporting a larger issue, were intended to disclose, in the operations of the Bank, the very influence he could not detect. As to the assertion, that the "sinking fund has never been in bank, but consists of a portion of its discounts," your committee confess their inability to understand it.

To elucidate the subject, we will suppose, however, as the Comptroller seems to intimate, that the sinking fund and the average amount of deposits, are useless as banking capital. We will suppose the money coming into the Bank from these sources, to lie dormant there—it would be equivalent, at least, to so much of the notes of the Bank in possession, withdrawn from circulation; for if the deposits consist of the notes of other Banks at par, they would easily be exchanged for these notes; if of specie, it would take up these notes—and if the notes of the Bank, no exchange, of course, is necessary. Supposing, then, the sinking fund and the amount of average deposits, to be merely so many of the Bank's notes in possession, the circulation, as compared to the capital, would stand thus:

Capital	.....	\$1,156,318
Notes issued	.....	\$1,600,000
Sinking Fund	.....	\$389,667
Average deposits	.....	365,000
One and two dollar bills	.....	345,333
	<hr/>	1,100,000
		<hr/>
		500,000
		<hr/>
		\$656,318

The result thus shows but \$500,000 of notes in actual circulation, to a capital of \$1,156,318, and makes the proposition still the same, the circulation is but one-half the capital. But permanent deposits, such as the sinking fund, and the average amount of deposits, never would lie idle in any Bank unrestricted in its operations. They form, as your committee have endeavored to show, as legitimate a fund for banking, as any other portion of the banking capital of a Bank.

If your committee have thus correctly exposed what constitutes the true capital of the Bank, the next question which arises from the objections of the Comptroller is, whether the deductions made by your committee, from the notes in circulation, were correctly made. These deductions consist, 1st. of \$500,000 usually in bank. 2nd. of the one and two dollar bills. The Comptroller says, that the true enquiry, as to the former, would appear to have been what was in bank at that time. This was not the enquiry. The enquiry was, as to the capacity of the Bank, and the active circulation for which, in the course of its business, it would probably be responsible. To ascertain this, your committee did not take the business of the Bank on a particular day, as the Comptroller seems to suppose would have been correct. On one day, the notes on hand may amount to \$800,000, on another, to \$300,000. Your committee took the average amount of notes in Bank on its weekly or monthly balances, as affording the best criterion by which its operations could be judged; and these, they were informed, showed that \$500,000 were usually in Bank. The one and two dollar notes were also deducted from the circulation, because the Bank, having a monopoly of these notes, (no other bank in the State being authorized by their charters to issue bills under the denomination of five dollars) they are rarely the subjects of exchanges with other Banks. It is an acknowledged principle in currency, that paper money at par, will always drive out specie from the circulation, because specie has an intrinsic value independent of its use as money, but paper has none. These one and two dollar bills, therefore, being at par, by driving the specie out of circulation to the amount of their issue, become necessary to the general circulation, and to the other Banks themselves in carrying on their ordinary business; and, consequently, rarely are returned upon the Bank. It is true, as the Comptroller states, these bills, in the course of trade and business, may be substituted for bills of a larger denomination; but the only effect of this substitution would be, to quicken the circulation of the larger bills, and thus possibly, reduce the amount of these bills usually in bank. But this effect has already been allowed for, in the \$500,000 usually in bank. The circulation, with all causes which may affect it, leaves in bank usually this amount.

Having thus endeavored to show, that the capital upon which your Committee based their calculations, is really banking capital, and that the deductions made from the circulation, were correctly made, the question recurs upon the whole statement—is it consistent with the sound principles of banking, to suppose, that a Bank with a banking capital of \$1,910,985, or in round numbers \$2,000,000, (since the permanent deposits from the Treasury would carry it beyond this amount,) should maintain in active circulation, a currency of \$1,055,000, composed of the \$755,000 remaining in circulation according to the statement, and the \$300,000 suggested by your Committee; or in other words, that a Bank can maintain in circulation one-half the amount of its capital. To state this proposition, would

seem to prove it. The object of banking, is to make money, and to make *at least* as much money, as by the ordinary rate of interest, can be made by loans to individuals. If this is not the case, what use is there in banking? Why should capital leave the hands of individuals, and undergo the hazards of banking, if it does not yield *at least* as much profit as can be obtained by private loans? A Bank makes money by discounting notes—that is, by exchanging its own notes for the notes of individuals, which carry interest. In the course of the year, it must discount *more notes* than the amount of its capital, or it will not yield the ordinary interest upon its capital, because the expenses of the institution, the payment of its officers, insurance, &c. must be paid out of the profits of its business.—Now, is it the experience of banking, that a Bank can discount notes to a *greater* amount than its capital, with a circulation out, of less than *one-half* of its capital? Unquestionably, a circulation less than the amount of its capital, may discount notes to the amount of its capital, because, by frequent renewals, or large payments upon them, a considerable portion of the notes of the Bank issued upon the original discounts, may be called in, and thus be turned more than once through the Bank during the year; but this operation could not be accomplished with all the notes in circulation by the most rapid and vigorous renewals customary in banking. To your Committee it appears obvious, that for a Bank to make money, it must have in active circulation, at least notes to the amount of one-half of its banking capital. As to its safety and solvency with such a circulation, your Committee do not believe that it can be seriously questioned. Suppose an extreme case: that a run, as it is technically called, is made upon the Bank—what is its situation? It has a capital in Bank, of twice the circulation out, for which it is responsible, and it has also the notes of solvent individuals discounted by this circulation, to *at least* the amount of the circulation. If a little time is allowed to the Bank, by keeping in its paper, and demanding large payments on the renewal of the notes due to it, it would easily disengage itself from any embarrassment; but if no time is allowed, the worst result which could be produced, would be, that the notes of individuals discounted, would be sold at a trifling loss, and the money arising from the sale would be applied to meet the demand, and redeem the notes of the Bank; but its credit or solvency need not be impaired.

Writers on the subject of banking, have hitherto maintained, that a Bank can safely issue twice, and sometimes three times, the amount of its capital; and consequently upon the supposition that this is a safe limit, Legislatures have usually laid a restriction to this effect. The Legislatures of Massachusetts, Louisiana, and our own State, have restricted the loans of Banks to twice the amount of their capital. Mr. Gallatin, in his late article in the American Review, on Banks and Currency, thinks that the debts of a Bank ought not to exceed *twice*, nor its notes in circulation *two-thirds* the amount of its capital. Mr. Gallatin's whole work leans in favor of a metallic, in contradistinction to a paper currency. Yet, assuming his position to be correct, your Committee are covered in their calculations by his estimate.

Leaving general principles, the Comptroller has gone into facts, to prove the erroneoussness of your Committee's report. He has cited the capital and circulation of two Banks in the city of Charleston, and of thirty-one Banks in Pennsylvania. We will take the statement of the Banks in

Pennsylvania, to show the correctness of his comparison and calculations:

Capital.....	\$12,082,000
Deposits.....	8,758,000

Effective Capital.....\$20,790,000

Notes in Circulation.....7,270,000

The error of this statement, is this, that the deposits are not added as a part of the circulation. Of what did these deposits consist, if not of the notes of these very Banks in their course of circulation? They were put into the Bank one day, and drawn out another; and the Bank was only like the pocket-book of an individual—a temporary stopping place for these notes in their course of circulation. This must have been the view of Mr. Gallatin, when he deduced from the situation of these thirty-one Banks in Pennsylvania, the rule already quoted, “that the debts of a Bank ought not to exceed twice, nor its notes in circulation *two-thirds* the amount of its capital.” According to the Comptroller’s view, the circulation of a Bank ought not to exceed *one-third* of its capital. Your Committee are not surprised, that with such calculations and views the Comptroller should put forth the following proposition: “At the time the Committee recommended the above additional issue, the Bank had in circulation, *beyond question*, an amount of notes considerably greater than the other four Banks incorporated by this State together, having a combined capital of \$3,475,000.”

Your Committee have thus noticed the objections and criticisms of the Comptroller General no farther than appeared to be necessary for the elucidation of the principles upon which their report of last year was made, and a clear explanation of the positions and statements it contains. Upon a careful review, admitting their facts to be correct, they have been unable to detect the fallacy of their reasoning or conclusions. It is important that the House should distinctly understand, from what causes the Bank is restricted in its operations, and will be unable to meet the payments of the public debt; for without this knowledge it will be impossible, by wise legislation, to avert or to remove them. It is not then from any peculiar imbecility and inefficiency in the Bank—the Bank is sound, and its capital unimpaired. It is not from the weakness and faithlessness of its officers—these are able, and watchful, and honest. The sole causes of embarrassment, and restriction upon its profits, arise from the custom in the Bank, too long indulged, of renewals in full, and from the gigantic powers of the Bank of the United States. The former cause, by a firm yet moderate course of policy, it is believed, the business of a few years will remove.—The latter cause, sooner or later, the State must meet, and either subdue, or submit to be subdued. If this Bank is re-chartered, of which there appears to be little doubt, with the capital it may be authorized to receive on its books, it can sustain an issue to almost the entire demand of the paper circulation of the Union. It will be *to its interest* to put forth and to sustain this issue; for the profit of every Bank is in proportion to the notes it can keep in circulation. It can only keep out this issue, by destroying the local banking institutions of the States, and thus by extinguishing their paper, make room for the substitution of its own. The local Banks and our State institution, thus stand in direct opposition to the interest of this Bank. Arguing from the ordinary principles of human nature, it will not be difficult to divine its course, when its power will be able to create its popularity, and to hold its continuance and existence by the



high tenure of its own free will. To your Committee it appears to be the sound policy of the State, to know and test at once, the true position of her citizens and her own institution, in relation to this Bank. No free State should for a day voluntarily doubt its own independence. If the State possesses the power of checking this Bank through her citizens interested in its stock, this power should be demonstrated with promptitude and energy; until at least it is acknowledged, or the exercise of higher and stronger powers shall appear to be necessary for her self-protection. The Bank of the State will be compelled to wind up its affairs, and to close its doors, so soon as it is determined, that any other power than the State Legislature is to control its operations, independent of the salutary check of similar institutions, in a course of fair and honorable competition.

In conclusion, your Committee beg leave to observe, that none of the observations submitted in this report, are intended in the slightest degree, to influence the conduct of the Bank. They coincide entirely, with the opinion expressed by the President, that this Legislature cannot, beneficially interfere in the course and policy of the Board, to whom it has entrusted the management of this institution. Banking is always essentially a practical matter; and the difficulties communicated by the President, under which the State institution now labors, more particularly forbid any interference whatever in its course.

Your Committee also coincide in the opinion, expressed in these reports, that it is inexpedient at this time to raise the taxes upon the people. The means proposed by your Committee, in the bill to raise supplies, they trust will increase the revenue of the State, whilst its expenditures will probably be diminished.

All which is respectfully submitted.

R. BARNWELL SMITH, *Chairman.*

DECEMBER 10, 1831.

*Extract from the Report of the Committee of Ways and Means :*

*House of Representatives, Dec. 5, 1833.*

The Committee of Ways and Means, to whom were referred the Reports of the President of the Bank and Comptroller, and a part of the Governor's Message, beg leave to report: They have given the most deliberate consideration, and feel authorized to assure the Legislature that the finances of the State are in a prosperous condition. From the appearances of the last session, and the disbursement consequent to the purchase of arms and munitions and other preparations to defend our country from the storm that menaced it, it was but fair to conclude that our treasury would be exhausted, and the Legislature driven to new and increased taxation. The necessity of large disbursements was not the least of the impediments to the action of the State. It was confidently predicted that whatever other results might attend that action, the accumulation of a large public debt and oppressive taxes were unavoidable. It is with great pleasure your Committee are enabled to assure you that so far from realizing those predictions the reports of the financial officers of the State warrant your Committee in recommending a reduction of the taxes. The gross amount of

the profits of the Bank, for the last fiscal year, was one hundred and fifty one thousand three hundred dollars and seventy-two cents, and we are assured by the President of that institution, that with the aid of any surplus revenue of the State, he will be able to meet the payment of the public debt without affecting the operations of the Bank. From the Comptroller's report at the close of the last fiscal year, there was a balance of one hundred and sixty-two thousand and thirty-seven dollars seventy two cents, which after paying all the appropriations to which it may be subjected, will not be reduced below one hundred thousand. Of the four hundred thousand dollars put at the disposal of the Executive, not more than one hundred and forty thousand have been drawn. Your Committee recommend the repeal of the Acts subjecting to the order of the Executive, the balance of the appropriations of the last year, amounting to two hundred and sixty thousand dollars.

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(1835.)

The Committee of Ways and Means, to whom were referred the Reports of the President of the Bank and the Comptroller General, have considered the same, and beg leave to report :

They have examined the Report of the President of the Bank, and the affairs of that institution have been skilfully and profitably managed.

After replacing the losses sustained in its operations last year, and some old debts in the City of Charleston, which have been for a long time unavailable, the Bank has carried to the Sinking Fund the sum of one hundred and twenty thousand dollars. As the Legislature created that fund to meet the instalments of the public debt, at the successive periods of its redemption, it may not be improper to draw the attention of this body to that subject. The whole amount of debt is one million, seven hundred and fifty-three thousand, seven hundred and seventy dollars, and ninety-one cents, (\$1,753,770 91): Of this sum eight hundred thousand is due in 1840. To meet this instalment, we have at this time five hundred and forty-five thousand, seven hundred and three dollars, seventy-one cents, (\$545,703 71) constituting the Sinking Fund, which, united with the balance in the Treasury, three hundred and forty-two thousand, five hundred and sixty-three dollars, is more than sufficient. Predicating our calculations on the present state of our finances, we are warranted in the conclusion that the State will not be under the necessity to resort to any increase of taxation, or new modes of revenue, to meet the public debt, at the periods at which it is due.

Your Committee recommend that a draft for the amount of thirteen thousand, six hundred and forty-one dollars, and eighty-nine cents, be drawn on the Treasury, in favor of the Bank—being the interest on the debt of the late Gen. Sumter, and debt due by the Female Academy in Columbia, which properly belongs to the Sinking Fund but was drawn from the Bank by legislative authority.

F. W. DAVIE, *Chairman.*

*In the House of Representatives, Dec. 19, 1838.*

The Committee of Ways and Means, to which was referred that portion of the Message No. 1, of his Excellency the Governor, relating to the condition of the Banks in this State, have had the same under consideration and respectfully report:

That upon making due examination of the detailed statements, your Committee are satisfied with the condition of the Banks generally, and believe that they are in a sound condition. But there is one state of facts, which these statements exhibit, which should be brought to the view of the Legislature. It appears that two of the Banks of the interior, with an aggregate capital of only \$700,000, have out bills to the amount of \$1,031,270, and the specie in their vaults amounts only to \$238,731. At the same period two other Banks of the interior, with an aggregate capital of \$1,098,680, had their combined issues at only \$663,340, with \$299,636 of specie in their vaults. At the same period, the Banks in Charleston, with an actual banking capital of nearly seven millions, had their combined issues at a fraction less than three millions, with \$1,417,160, of specie to meet them. While, therefore, the Banks in Charleston had less than half their capital in notes issued, and two of the country Banks had less than two thirds of theirs, two other country Banks had out their whole capital, and half as much again, with not much more than one-fifth of the issues in specie in their vaults.

This state of facts induced your Committee to examine further into the matter, and ascertain, if possible, the causes of this difference. Your Committee learn that the Banks whose issues are so large, decline keeping their notes at par all over the State, by refusing to make arrangements for their circulation at the commercial metropolis of the State; while the other country Banks have made such arrangements, and kept their notes at par. The natural result is, that those notes which are below par, keep the circulation, while the better currency is remitted to Charleston and elsewhere, in payment of debts. And the consequence is, that the currency which is the weaker remains in the hands of the people, and the Banks which take least pains to keep their notes at par, derive the most benefit.

The Bank of the State, whose issues could, with perfect safety, be extended to two millions of dollars, has its paper returned home upon it, and its issues are contracted as low as \$646,000; and of course, its business and profits must experience a corresponding reduction. The State Treasury, too, is used as a source of profit at the expense of the State. For as the notes of all Banks in the State are receivable there, those who have taxes to pay, buy up these notes below par, and pass them off at par to the Treasury; and all the loss is at last borne by the people themselves.

This condition of things your Committee think ought, if possible, to be remedied. Every Bank which obtains a charter from the State, ought to keep its bills at par all over the State. Although, in point of law, the Bank redeems its obligation by paying at its own counter, yet when that counter is in a remote part of the State, it does not fulfil the spirit of the charter, or meet the just expectations of the public. There is no sound reason, why they should not all pursue the plan adopted by the Commercial Bank of Columbia, and the Bank of Camden, and have their bills redeemed in Charleston. The public would be saved the embarrassment of receiving bills which are not current every where, and the Banks themselves would

gain as much by the circulation in Charleston as they would lose elsewhere. At any rate, they would better answer the ends for which the public had chartered them.

Your Committee think that, through the Bank of the State and its Branches, these Banks may be induced, without any infringement of their privileges, to meet the just expectations of the country. By receiving their bills at the mother Bank, that Bank may, through its Branches, take measures for their resumption, in case some more advantageous arrangement be not proposed by the Banks. Your Committee have conferred on this subject, with the President of the Bank, and find him fully sensible of the injustice which the community suffers, and desirous to administer any remedy which may be deemed efficient. Your Committee, therefore, recommend the adoption of the following Resolution :

*Resolved*, That the President and Directors of the Bank of the State of South Carolina, be authorized and requested to take such measures, as in their judgment may be deemed proper, to preserve at par throughout this State, the bills which may be issued by any Bank within its limits.

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*In the House of Representatives, Dec. 18, 1840.*

The Committee of Ways and Means, to whom was referred a Resolution of Enquiry, as to the expediency of calling in a proportion of the Bonded Debt due the Bank of the State, respectfully Report, that they have duly considered the same, and they recommend the adoption of the following Resolutions, in the stead of that referred to them.

1. *Resolved*, That in the opinion of this Legislature, it is expedient the President and Directors of the Bank of the State, should call in the Bonds held by the Bank, and which are past due, as speedily as the circumstances of the country, and of the individual debtors, will permit.

2. *Resolved*, That the President of the Bank make a Report to the Legislature, at the next session, exhibiting, in separate classes, the various amount of Bonded Debt, which have remained unpaid for one, two, three, and more years.

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(1841.)

The Committee of Ways and Means, to whom was referred so much of the Message of His Excellency the Governor as relates to the Banks ; as also the Report of the Attorney General, in relation to the cases pending between the State and the Banks ; as also the Presentment of the Grand Jury of Fairfield ; and also sundry bills proposing to amend the Constitution in relation to granting Charters ; have duly considered the same, and respectfully report as follows :

At the last Session of the Legislature, a law was enacted, providing against the suspension of Specie payment by the Banks. In view of the disastrous effects upon the public welfare produced by such suspensions, the Legislature proposed to the Banking Institutions within the State, to unite in measures which would tend to prevent future evil, and without recurrence to the past, simply to provide for the future. It was proposed

to them, to adopt two regulations, one of which required the Banks to inform the public, which gave them credit, as to their condition and solvency; the other required them, upon any future suspension, to pay into the public Treasury an Interest of 5 per cent, upon the portion of their Bills in the hands of the people, which the Banks had refused to redeem.

The provisions thus proposed, have been adopted by the Bank of the State, the South Western Rail Road Bank, the Planter's and Mechanic's Bank, and the Union Bank. These Institutions have faithfully conformed to the public will, and have thereby justly entitled themselves to an increase of public confidence. The other Banks have refused to adopt the Regulations proposed; and under the directions of the law, the Governor has caused suits to be instituted against them, to ascertain whether the abuse of their privileges, involved in their suspension, has not vacated their Charters.

It will be perceived, that great questions of public right are involved in this controversy. The State maintains that all privileges created by any Charter, are exercised upon a public trust that they shall not be abused; that the proper exercise of the privileges and powers granted by a charter, is the consideration of the grant; and that when the Banks abuse this trust, or fail in the due exercise thereof, the consideration fails, the trust is broken, and the privilege is lost by the corporation that enjoyed it; that a suspension of Specie payments virtually destroys all the ends for which Banks were created; confounds the relations of society; unsettles the measures of value; prostrates the commerce and trade of the country; debases the public morals; and spreads far and wide distrust and ruin; that it is therefore to be considered an abuse of such a character as works a forfeiture of the charters under which it has been committed.

Your Committee feel well assured, that in deciding questions so important to the public interests, the Judiciary of South Carolina will administer the law, so as at the same time to protect the public interests, and secure to every class of citizens, whether corporations or individuals, the enjoyment of their just rights. But it must be observed, that the case now pending before the Courts, may turn upon the isolated question whether Suspension of Specie payments is such an abuse as to involve a forfeiture of these particular Charters. The opinion of the Circuit Court, which has been referred to your Committee, is limited by its own express terms to this particular point; and while it sustains by reasoning, several of the most important positions maintained for the State, judgment is given for the Defendant, upon the simple ground that suspension of itself, does not work a forfeiture of the charter. Whatever, then, may be the final result of this case, it is apparent that the decision thus limited, would have no direct bearing upon the constitutional right of the Legislature to regulate and control the Banks; and the question would still remain open, whether the Legislature can or ought to take further measures for controlling the recusant institutions.

In discharging the important duty assigned your Committee, of canvassing these grave subjects, they will endeavor to present, in one view, the various modes of action which are open to consideration. It seems to your Committee that these may be classified under three distinct heads.

1. Legislation to punish the recusant Banks, such, for instance, as some of the measures proposed to prevent the circulation, and affect the credit of the Bills; or to remove from them, some of the protection of the law.

2. General laws of regulation operating upon the Banks at once—such, for instance, as the absolute enforcement of the regulations prescribed by the Act of 1840, without asking any consent from the Banks.

3. Amendments of the Constitution, so as to prevent a recurrence of existing evils, when the present Charters shall have expired.

1. The first mode of Legislation, your Committee would altogether disapprove. In their opinion, it is neither a wise policy, nor is it becoming the dignity of the State. Although the recusant Banks have evinced an utter disregard of the public voice, and have pursued a policy selfish and suicidal, yet it must be observed that they have merely appealed (as they had a right to do) to the constituted authorities of the country. However unwise and unpatriotic their course, in refusing to co-operate for the public good, they have chosen to stand their trial for alleged delinquency, and must abide the judgment which the law awards. Until that judgment be pronounced, it cannot be affirmed that they have violated the law. It is our duty, therefore, at present to regard them as a portion of the commonwealth entitled to its protection; and while we hold over them a firm and steady control, we must not permit impulse to sway over judgment. Your Committee would therefore advise a rejection of all measures bearing a vindictive character.

2. The second class of laws which suggests itself, embraces those regulations which might be deemed salutary in restraining mischiefs or promoting the public welfare, during the term of the existing Charters. The rule laid down by the Supreme Court of the United States in the case of the Providence Bank against Billings, in 4 Peters, 514, sanctions an extensive range of legislation of this character. It has been held, even by this Federal tribunal, that the sovereign power of the State to exercise legislation over all persons or corporations within its territory, can only be restrained by force of some *express* grant or exemption contained in the Charter. If the State, therefore, should enforce upon the Banks the regulations contained in the Act of 1840, these institutions could only maintain their ground before the Supreme Court, by showing an express grant in their Charters, resulting in exemption from this action of the Legislature. The salutary influence of the Act of 1840, upon the institutions which have conformed to it, has removed all pretence of injury which might have been set up; and in the absence of any such grant of exemption as is required by the decision of the Supreme Court, the Banks would be reduced to the necessity of contending that they are a body in the State, above and beyond the law—that they have purchased with money, an existence and privileges upon which the law-making power of the State cannot act, but with their own consent; or in other words, that there exists within our Republic, a moneyed Aristocracy, with extensive and dangerous privileges, entirely beyond the reach of the legislative authority.

But your Committee are of opinion, that it would be premature, at present, to resort to legislation of this character. The cases now before the Court of Appeals involve the existence of all the recusant Banks, and your Committee are content to await the judgment of that tribunal. Should the final result be in favor of the State, the charters will then be at the disposal of the Legislature, and can be vacated or restored, upon such terms as that body may deem expedient. If, on the other hand, the judgment be in favor of the Banks, or if delays should be interposed, it will be for the wisdom of the Legislature, at any future period, to decide upon such measures as may then seem proper.

In the meantime, your Committee would congratulate the country, that one of the main objects of the policy pursued by the Legislature has been already accomplished. The currency of the State has been preserved sound during the past year—while every other State South of New York has been subjected to the evils of a disordered and inconvertible currency.

The simple fact, that the name of South Carolina upon a Bank Note, has been found to give it currency through distant sections of the Union, proves the estimation in which she is held; and the citizens of the State may be justly proud of her untarnished honor and integrity.

3. We now come to the third mode of legislation submitted for consideration, viz:—by amendments of the Constitution, providing against a recurrence of evils after the expiration of existing charters. Your committee, in a former report, enforced the expediency of directing the sound public opinion which now exists on this subject, to the construction of a wise policy for the future. With this view, the Act of 1840 made such provisions as to future charters, as were deemed wise and prudent. These provisions are merely legislative enactments, and are, consequently, open to the action of any future Legislature. It is now proposed to advance a step further, and embody some provisions in the Constitution of the State. Two propositions have been submitted for consideration. The first proposes to limit the power of the Legislature, by annexing to all charters to be granted, a consideration of special responsibility in the stockholders. The second, provides that all charters to be granted, shall at all times be subject to amendment, or repeal, by the Legislature. The first proposition binds down the Legislature to a special form, which experience may prove to be an inadequate remedy. The second, removes all trammels, and would leave the Legislature at all times free to adopt the first proposition, or any other regulation which experience may suggest. The last amendment, in fact, includes the first, and stands free from all those objections which may justly be brought against the special provisions in the Constitution. It offers, moreover, the decided advantage of preserving unfettered for the people, in all times to come, that great principle of civil liberty, the power of self-government, and of enacting such laws as may, at any period, be deemed essential to the public welfare.

Your committee do not perceive that such an amendment of the Constitution has any connection with the cases now pending in court. A judgment on either side would not affect the considerations which must determine this question, and they would, therefore, respectfully recommend that the Bill to amend the Constitution in relation to granting Charters of Incorporation, be passed, merely changing the phraseology, so as to read as follows:

Every Charter of Incorporation hereafter granted in this State, shall at all times remain subject to alteration, amendment, or repeal, by the Legislative authority.

Your committee further recommend, that the Bill to alter and amend the 8th Section of the 9th Article of the Constitution, do not pass.

They further recommend the adoption of the following Resolutions:

1. *Resolved*, That, a suspension of specie payments by the Banks, is to be deprecated as an evil destructive of the best interests of the State, and that it is the duty of the Legislature to try to prevent, if possible, its recurrence, by the exercise of all lawful and constitutional means.

2. *Resolved*, That a due subordination to the laws, by every class of citi-

zens, is an essential feature of Republican Government; that a claim to exemption from Legislative authority, is a denial to the people of the power of self-government, and if admitted, would, in fact, change the nature of the Government, and establish within the State, a moneyed aristocracy, irresponsible to the law.

3. *Resolved*, That the Bank of the State, the South Western Rail Road Bank, the Planters' and Mechanics' Bank, and the Union Bank, deserve the confidence and support of the people, for their co-operation with the State in promoting those measures which have been deemed essential to the public welfare.

4. *Resolved*, That this Legislature approves the course adopted by his Excellency, the Governor, in relation to the Planters' and Mechanics' Bank, and the Union Bank, as in accordance with the spirit of the Act of 1840. That for the reasons assigned by the Attorney General, the Bank of Georgetown be discharged from any further proceedings, and that the Governor be requested to carry out such measures as he may deem expedient for the final disposition of the cases against the other Banks.

All which is respectfully submitted,

C. G. MEMMINGER, Chairman.

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*In the House of Representatives, December 15, 1843.*

The Committee of Ways and Means, to whom was submitted so much of the Governor's Message, No. 1, as relates to the Public Debt and the Bank of the State, and also sundry other papers in relation to the same subject, have duly considered the same, and respectfully report: That the Capital of the Bank of the State consists of two distinct portions, one arising from actual cash capital, which the State owned, amounting to \$1,156,318 48; and the other portion consisting of the two millions of dollars borrowed by the State, under the Act for Re-building Charleston, of which, about one million is loaned to the sufferers by the great Fire in Charleston. A Bank based upon two such distinct funds, is operating upon two distinct principles.

In the one case, where the Bank is based upon actual capital, if a loss ensues it is not by the capital, and there is simply a loss of that amount.— But in the other case, where money is borrowed on the faith of the State, and loaned out or used in banking, if a loss occurs, the debt which has been incurred by the public, remains to be paid, while the means of paying have been abstracted, and the people must be taxed to meet it. The finances of the State are thus involved in all the casualties of banking, and the public are made to guaranty debts incurred by individuals. Such a system of finance is unsound in principle and proves dangerous in practice.— It places a large amount of funds at the control of the persons who direct the Bank, and while it exposes the action of the Legislature to an undue influence, if desired to be exercised, it stimulates in a wrong direction the currency and credit of the country.

Your Committee are of opinion that the State fell into an error, when she consented to contract a public debt by borrowing money to loan out again to individuals, or to be used in banking. The sooner she retraces



her steps and reverses that policy, the better for her welfare and prosperity will it ultimately prove. It is unwise to persevere in such a policy, but it would be still more unwise so reverse it, by a sudden change, to the opposite extreme. So many important interests are affected by action on these subjects, that measures of change should be gradual in their operation, embracing such a range of time as neither to give a shock to public credit, or to inflict unnecessary suffering upon our people. It is this very necessity for gradual measures that renders it proper that the State should now definitively declare its determination on this subject, and take the first step at once. The Direction of the Bank will then be enabled to shape their course to carry out this policy.

Convinced, as your Committee are, of the necessity of a change of measures, they are happy to perceive that the President and Directors of the Bank have proposed in their annual Report, that which is properly the first step in this reverse direction. They ask authority to cancel such evidences of public debt as may now be in their possession in Charleston, and such as may hereafter be purchased up by them. Your Committee are informed that they have made arrangements for bringing within their power, such of the public debts as fall due within the longest periods. If this course of policy be pursued with proper care and energy, it will result in extinguishing those obligations which lie in the way of the Legislature, in adopting a policy of separating the State from banking operations, (if it shall be deemed advisable) at a much earlier day than would now seem compatible with the public faith.

There are now in possession of the Bank, at Charleston, Fire Loan Bonds and other evidences of Public Debt, amounting, as per their last statement, to..... \$394,568 11

But standing against the State at..... 415,270 00

Besides these, the Bank has under its control, in the hands of its Agent in England, a portion of the Rail Road and Fire Loan Sterling Bonds of the State, purchased up, amounting to..... 64,740 96

Such of these last Bonds as are due by the State are under some arrangements which induce the Bank to prefer not cancelling them at present. Your Committee will only advise, then, as a present measure, the cancelling of the former, and would authorize the Bank to cancel, from time to time, such other public debt as they may procure.

The Public Debt of the State, at present, amounts to..... \$3,495,164

Of this, about one million is to be paid by the buildings in Charleston mortgaged for the Fire Loan, and which, with the personal liability of the borrowers, together with the guarantee of the City, may be considered as secure, without recourse upon the State. The other million constitutes so much of the capital of the Bank of the State, and of course must be secured by notes or otherwise, so as to relieve the liability of the State. So that, for all practical purposes, this sum of two millions may be deducted from the liabilities:..... 2,000,000

And it will leave..... \$1,495,164  
of Debt for which the State must provide.

Of this amount, \$250,000 will become payable on the 1st January, 1845,

and \$300,000 in Jan. 1846. For the first, provision has been made by charging it upon the Bank. But by some oversight, in 1824, when the debt of \$300,000 was created, it was not charged upon the Bank or Sinking Fund. A question, therefore, has been submitted by the President of the Bank, whether this demand can now be charged upon the Bank, inasmuch as by subsequent Acts of Assembly, these funds have been charged with the payment of other debts. This question strikingly develops the impolicy of making such specific pledges by the State, whereby any preference may be inferred in favor of one public debt over another. But as the Committee have desired to avoid any, even the slightest, imputation upon the public faith, they have concluded to recommend that the \$200,000 balance remaining in the Bank from the Surplus Revenue, shall be carried to the Sinking Fund, upon condition that the Bank shall undertake to discharge the debt of \$300,000 as it becomes payable. The result of these operations will be, that at present the Bank will extinguish of the Public Debt.....\$415,270

And will pay in 1845, the sum of.....	\$250,000
And in 1846.....	300,000

	\$550,000	
Less included in the \$415,270.....	163,468	386,532

Making a total of.....\$801,802  
which will be extinguished by the end of January, 1846, under this recommendation, besides what may be purchased up between this time and that period.

This sum being deducted from the aggregate above, will leave the Public Debt, at the end of January, 1846, exclusive of the Fire Loan, at \$700,000, in round numbers.

Your Committee have embodied in a Bill herewith reported, such of the foregoing matters as need the formality of an Act of Assembly. The remainder they have compressed into the following Resolutions, which they recommend for your adoption.

1. *Resolved*, That the system of borrowing money upon the public faith, for the purpose of lending out the same to individuals, is unsound in principle and dangerous in practice.

2. *Resolved*, That the policy pursued by the Bank of the State, during the past year, in calling in its funds and purchasing the Public Debt, is approved by this General Assembly; and that the same policy should be steadily persevered in, until all the public debt, incurred for capital of the said Bank, shall be withdrawn and extinguished.

3. *Resolved*, That in the opinion of this General Assembly, it is inexpedient to prescribe the details of any plan by which this result shall be effected; but that it is wiser and more practicable to declare distinctly the course of policy which the public interests require, and leave to the President and Directors of the Bank the responsibility and charge of devising and executing the proper measures to effect these results.

4. *Resolved*, That this General Assembly, having now definitively settled and declared that course of policy which it deems for the public good, the President and Directors of the Bank are hereby enjoined to adopt measures for carrying out the same, as speedily as may be consistent with the

faith of the State, the present management of the Bank, and the safety of the public interests.

5. *Resolved*, That the said President and Directors shall, in their annual Reports, inform the General Assembly of such measures as they shall, from time to time, have adopted, for carrying out the policy indicated in the foregoing Resolutions.

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*In the House of Representatives, December 12, 1845.*

The Committee of Ways and Means, to whom was referred so much of the Governor's Message and Comptroller General's Report, as relates to the liabilities of the State, respectfully Report: That they think the time has arrived, when the State should most strenuously insist upon some provision being made by the South Carolina Rail Road Company, for creating a fund to pay the Bonds of that Company, which are guarantied by the State. These Bonds, amounting to two millions of dollars, will become payable in the course of years, and unless some provision be at once made to meet them, by a fund gradually increasing, the State may find herself embarrassed by the sudden demand upon her faith for this very large sum. The object which the State had in view has been accomplished; the road now stands upon a safe foundation and is fully established; the stock of the Company has risen nearly to par, and the stockholders ought to lay aside some of their profits to meet those liabilities which the State incurred for them in their hour of need. Your Committee therefore recommend the adoption of the following Resolution.

*Resolved*, That the Proxies, who represent the State, in the South Carolina Rail Road Company, be instructed to insist that a Sinking Fund or some other means be provided by the Company, for extinguishing the debt guarantied by the State, and that immediate steps be taken to effect that object.

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*In the House of Representatives, December 13, 1845.*

The Committee of Ways and Means, to whom was referred the Report of the Comptroller General, as to so much thereof as relates to the application to be made of the dividends from the South Carolina Rail Road Company, respectfully Report: That in their opinion, the most advisable disposition which can be made of these dividends, is to redeem the public debt, and they therefore recommend the adoption of the following Resolution:

*Resolved*, That the Comptroller General do apply the dividends received and to be received from the South Carolina Rail Road Company, towards the extinguishment of the Public Debt, giving preference in such extinguishment to the debt the interest whereof is charged upon the Public Treasury.

*In the House of Representatives, December 1, 1847.*

The Committee of Ways and Means, to whom was referred the Report of the President and Directors of the Bank of the State, respectfully Report: That the Bank has suggested the expediency of taking measures to advance the periods appointed for the payment of the public debt, incurred under the Fire Loan Act, and of causing it to be paid in instalments of about \$100,000 annually. Your Committee highly approve this suggestion, and would recommend, that measures be promptly taken to ascertain whether it be practicable. The great advantage which the State would derive from such a change, is, that instead of being compelled to consolidate and keep at risk the profits of several years, derived from the Bank, the same would be at once applied as fast as they accrue; and the State would be disburthened of its debt, at a much earlier period, and with less derangement to its financial concerns. Of course, such a change could not be made without the consent of the Bond-holders; and as the Bonds are valuable in proportion to the length of time for which payment is deferred, the change could only be effected by offering a compensation, in the shape of an increase of interest. How great this increase ought to be, is a question for the exercise of a sound discretion. If we were to undertake to specify a limit, the creditor would naturally raise his demand at once, to that limit; unless he should think the limit too low, and then he would simply decline the negotiation. So that the only mode of effecting any thing, would be to entrust the matter to some one who could see the parties and treat with them personally.

Such a person could be better selected and employed by the Bank than in any other way. It would only be necessary to instruct them, that inasmuch as the charter of the Bank will expire before the period fixed for the payment of the Bonds, in any arrangement which they may make, nothing shall be done which shall trammel the General Assembly in voting upon the question of a renewal of the charter.

Your Committee, therefore, recommend the adoption of the following Resolutions:

*Resolved*, That the General Assembly deem it an object of great public interest, that the public debt should be extinguished at the earliest period possible, and they approve the recommendation of the President and Directors of the Bank of the State, that measures should be taken, with the consent of the public creditor, to advance the periods and lessen the instalments now prescribed for payment thereof.

*Resolved*, That it is expedient to break the heavy instalments of \$500,000, now payable at fixed periods, into instalments of \$100,000-payable annually, to commence in January, 1853, as proposed by the Bank, if the same can be done without an unreasonable increase of the annual interest.

*Resolved*, That the President and Directors be authorized and requested to ascertain the terms upon which the proposed arrangements can be effected, and to carry out the same in such manner as they may deem expedient, within the limitations suggested in this Report.

# REPORTS

OF

## COMMITTEES ON FINANCE AND BANKS.

(1833.)

Extract from the report of the Committee on Finance, adopted by both Houses, on various subjects—none relating to the Bank, except a recommendation to release to the Columbia Female Academy, a debt due the Bank. That part is subjoined :

The Committee to which was referred the petition of the Trustees of the Academy of Columbia, beg leave to Report: That in December, 1799, (*See 2 Fuust*, 285,) the Columbia Ferry was established over the Congaree for fourteen years, and half the profits vested in the Trustees of the Columbia Academy, for the benefit of that institution; that in December, 1814, (*Laurel*, p. 61,) the charter was renewed for seven years; and in December, 1821, the charter was again renewed for seven years. That the profits of the ferry being considerable, the Trustees, aided by a legacy of \$1000 from Major Ward, and the expected proceeds of the sale of certain lots lying in the suburbs of Columbia, granted to them by the Legislature, contracted for the erection of a brick building for an Academy, and in order to carry fully into effect the beneficent intentions of the Legislature, and that the advantages of the institution might be extended to other parts of the State, they caused the building to be constructed as not only to furnish commodious school rooms, but also numerous apartments for the accommodation of young ladies who might be sent from other Districts, and who might thus be lodged in the Academy. The building, with its necessary outhouses, was constructed, the lots upon which they stand having been purchased for \$2000, and the buildings having cost the sum of \$16,201 14-100. This was done immediately after the last renewal of the charter. The Academy went into successful operation. It received young ladies from all parts of the State, and was eminently useful to the whole community. The Trustees meanwhile paid off the debt contracted for the lot and buildings, as fast as their funds permitted, and would long ago have discharged the whole debt; but the Legislature, in December, 1822, granted a charter to McKensie, for building a bridge at the site of the Columbia ferry, which charter was extended in December, 1823; and a bridge was forthwith erected. As soon as the said bridge became passable, the profits of the ferry totally ceased, and the Trustees were thus deprived of their only means of paying off the balance of the debt contracted for building the said Academy. The Committee further report, that the Trustees borrowed from the Bank of

the State, a sum adequate to discharge this debt, and applied the same to that object, trusting that they might be able to raise funds at a future day to repay the Bank, but have totally failed, notwithstanding they have used all the means within their power, (by subscription and otherwise,) to effect the object. Meanwhile the Bank has sued for the debt, obtained judgment, and lodged an execution with the Sheriff, (amounting with costs to the sum stated in the petition,) and the Academy is about to be sold to satisfy the same.

Your Committee recommend that the prayer of the petition be granted, and that the debt thus due by the Academy to the Bank of the State be remitted. The building may be properly considered public property; it has been erected at a great expense and is almost paid for—the institution has already rendered essential benefit to the State, and it may well be questioned whether, under such circumstances, so valuable a property should be suffered to be sacrificed at Sheriff's sale, and diverted from its original purposes.

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*In the Senate, Dec. 16, 1839.*

The Committee on Finance and Banks, to whom was referred a Resolution, requiring the President of the Bank of the State of South-Carolina to report annually the indebtedness and responsibilities of the officers of the Bank of the State of South Carolina and its Branches, report: That they have attentively considered the said Resolutions, and recommend that all the words after the word resolved, be struck out, and the following substituted:

*Resolved,* That hereafter it shall be the duty of the President of the Bank to set forth, in an annual private report, to the Senate and House of Representatives, the indebtedness and responsibilities of the several Directors with the said Bank, for the past year, brought down to the first day of each session of the Legislature.

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*In the Senate, Dec. 11, 1841.*

The Committee on Finance and Banks, to which was referred the memorial of the Louisville, Cincinnati and Charleston Rail Road Company, praying to be permitted to cancel certain Bonds, payable in London, and to substitute others made payable in Charleston, respectfully report:

That they have had the same under consideration, and are satisfied that the bonds specified in the memorial, were properly withdrawn from the foreign market, under the depreciation then and now existing. That the responsibility of the State, under her guaranty of the said bonds, will not be increased by such a transfer of indebtedness, from a foreign to a domestic creditor, but on the contrary, that the trouble and expense of transmission of the annual interest and instalments of principal as the same may fall due, will be superceded by granting the privilege asked for in the memorial, to the extent, at least, of the amount proposed to be transferred. Your Committee therefore recommend that the following Resolution be adopted, viz:

*Resolved*, That the Comptroller General be, and he is hereby, authorized and required to cancel (on the same being presented to him for that purpose) twenty-one (21) Bonds of the Louisville, Cincinnati and Charleston Rail Road Company, numbered from 125 to 145, both included, of five hundred pounds sterling each, and made payable, under the guaranty of the State, at the house of Palmers, Makellop, Dent & Co., London; and that he do, in conformity with the directions of the Act of one thousand eight hundred and thirty-seven, entitled "An Act to lend the credit of the State, to secure any loan which may be made by the Louisville, Cincinnati and Charleston Rail Road Company, and for other purposes," endorse a similar number of the same denomination, drawing five (5) per cent. interest, at four shillings and sixpence to the dollar, made payable at the South Western Rail Road Bank in Charleston.

*In the Senate, Dec. 1847.*

#### MR. FELDER'S RESOLUTION.

*Resolved*, That it is the opinion of this Senate that whilst the Fire Loan Bonds were, during the present year, selling in the London market at the rate of eighty dollars and fifty cents for one hundred dollars, it was the duty of the President and Directors of the Bank of the State of South Carolina to apply a portion of the Sinking Fund towards the buying up and cancelling a portion of the public debt contracted in such bonds.

#### MR. GIST'S RESOLUTION.

*Resolved*, That the Committee of Finance and Banks be instructed to inquire into and report the price of the Fire Loan or Rail Road Bonds in Europe, the present year, and whether, under all the circumstances, it was the duty of the Bank to purchase the said bonds.

The Committee on Finance and Banks, to whom were referred certain resolutions relative to the purchase of Fire Loan and Rail Road Bonds by the President of the Bank, in the London market, have considered the same and respectfully report:

That after a very full and laborious investigation of the whole matters referred to them, your Committee have no hesitation in saying that the President and Directors of the Bank of the State have discharged their duty to the State and to the Bank, whose interests have been committed to their charge, with zeal, fidelity and ability, in relation to the purchase of State bonds in Europe, which was ordered to be made by this Legislature. Instead of neglecting to carry out the intentions of this Legislature, in regard to the State debt abroad, it will be seen, from the correspondence between the President of the Bank and various persons in Europe, herewith transmitted to the Senate, that every effort has been made to purchase the liabilities of South Carolina in England, which prudence, wisdom and foresight could have suggested.

There were two kinds of bonds in England which the State of South Carolina was responsible for. The Fire Loan bonds, which had been issued by the State, and for which the State alone was responsible—and the Rail Road bonds, which had been guarantied by the State, but which the L. C. and Charleston Rail Road Company were bound to pay. The first named bonds, the President and Directors of the Bank of the State were ordered to purchase. The latter bonds, not being an original debt of the State, and the company which made them being abundantly able to redeem them when they become due, it was not made the duty of the Bank of the State to purchase them. If purchases were made, they were made by the Bank as similar purchases were made of other stocks.

It will be seen, by reference to the correspondence already alluded to, that the President of the Bank of the State did make arrangements with Messrs. Hambro and Sons in London, to purchase the Fire Loan or State bonds whenever the same could be done at fair prices. For this purpose, funds were placed in the hands of their agents by the Bank, and a contract entered into, binding the agents to make advancements for the Bank, if necessary to make larger purchases. Messrs. Hambro and Sons did purchase for the Bank to the amount of £7,500 of Fire Loan Bonds, at prices ranging from 79½ to 89, when the purchases were discontinued on account of the prices paid. The exchange being added to them, brought them so near their par value that the State could have no interest in making the purchase before they became due.

The Rail Road Bonds were selling at a lower rate in the London market, and the Bank very properly determined, though not ordered to do so, to purchase those Bonds as a profitable investment of their funds. The purchases made in those Bonds amount to £10,750, at prices from 75 to 86. These Bonds, although as well secured as the State Bonds, were always selling in the London Market at from two to five per cent less. This induced the Bank to make these purchases.

The Resolutions referred to your Committee, set forth the fact, that the Fire Loan or State Bonds, which the Bank had been ordered to purchase, were selling in the London market, during the past year, at eighty dollars and fifty cents for one hundred dollars. This is a mistake, of which the mover of these Resolutions is now well satisfied. The mistake occurred in confounding the prices paid by the Bank of Charleston for Rail Road Bonds, which the Bank of the State was not ordered to purchase, with the prices of Fire Loan or State Bonds, which the Bank of the State was directed to purchase. Your Committee have ascertained that the Bank of Charleston never has made any purchase of State Bonds in the London or European market. Their purchases were of Rail Road Bonds.

It is, perhaps, proper that your committee should state the manner in which this mistake occurred, and which prompted the Honorable member to make the unfounded accusation embodied in the Resolution introduced by him and referred to your committee. A letter had been received by a Senator from the President of the Charleston Bank, stating that their agent in London was going on executing their order for South Carolina Bonds, and had made purchases at 80½ and 80¾. This letter was read in the presence of the mover of the Resolution, and he supposed, as well as the Senator to whom it was directed, that "South Carolina Bonds" were the State Bonds. The only purchase of State Bonds made by the Bank of Charleston, was in South Carolina, and for which they paid as high as 99½ cents.



For a more full and detailed account of this whole matter, your Committee would refer to the correspondence and communications herewith reported.

All of which is respectfully submitted.

B. F. PERRY, Chairman.

*Columbia, December 5, 1847.*

To H. W. CONNER, Esq. Pres. Bank of Charleston.

*Dear Sir:*—On my arrival here, I find a resolution, submitted by Hon. J. M. Felder, in the Senate, on Tuesday last, of which I enclose a copy, has been referred to the Committee on Banks and Finances. This resolution is an impeachment and censure of the President and Directors of the Bank of the State, predicated on facts said to have been derived from the operations of the Bank of Charleston, which institution, it is said here, has purchased £5,000, more or less, of the Fire Loan Bonds of the State somewhere in England, at 80½ per cent.

This information, if it emanated from your institution, will, I suppose, be as fairly due in this case to me, as to any other person out of the direction, under all the circumstances. I am personally a stockholder; and the President and Directors thus held up to censure, are, I believe, the largest stockholders in the Bank of Charleston. The information I ask for, is to defend, not assail; and I feel assured, that you will take pleasure in giving all the facts that will exhibit the entire transaction, and enable justice to be done to all concerned.

I remain, with great respect,

Your obedient servant,

(Signed) -

F. H. ELMORE.

Pres. of the Bank of the State of So. Ca.

*Bank of Charleston, S. C. }  
Dec. 7, 1847. }*

Col. F. H. ELMORE, Columbia, S. C.

*Dear Sir:*—Your favor of the 5th was received last night, and I have duly noted its contents.

By my last report, which I now send you, the amount of Louisville, Cincinnati and Charleston Rail Road Bonds guaranteed by the State of South Carolina, held by this Bank on the 1st July last, will be seen, with the average cost of the whole. Since that time we have purchased in England, £19,000 of the same bonds, viz: £1,500 in July last, at 85, £12,000 in September, at 83½, and in November, £3,250 at 80½, and £2,250 at 80½.

We have never purchased or held any of the Fire Loan Bonds.

The late purchase of the Louisville, Cincinnati and Charleston Rail Road Bonds, guaranteed by the State, may have been spoken of out of

doors, or been alluded to in private correspondence, for purposes pertaining exclusively to the private affairs of the Bank, but no information has been asked for, or given by the Bank, or any of its officers, to be used in any shape or form whatever, either for or against the President and Directors of the Bank of the State, in any controversy whatever, that might arise. On the contrary, our object and intention has ever been to confine ourselves to our own proper business, and keep aloof from every thing of a political or partizan character; and I very much regret that our name has been introduced on the present occasion. The facts are, however, as stated above, and I communicate them as an act of duty.

Very respectfully yours, &c.

H. W. CONNER, President.

*Bank of Charleston, So. Ca.*

*Tuesday night, Dec. 7, 1847.* }

Col. F. H. ELMORE, Columbia, S. C.

*Dear Sir* :—In my letter to you this morning, I said “we have never purchased or held any of the Fire Loan Bonds.” This is correct as to our purchases in England, but I find we hold £4,000 of these bonds purchased by us at \$4 82 the pound sterling, at the Master's sale of Stoney's effects in Charleston, in 1845. You will see the item in the Cashier's statement referred to in my report of July, 1847, as No. 2, and stated thus: “State 5 per ct. sterling Bonds—\$19,280.” The error is not a very material one, but I hasten to make the correction.

Very respectfully, yours, &c.

H. W. CONNER, President.

*Bank of the State of South Carolina,*

*Charleston, Dec. 2d, 1847.* }

*Dear Sir* :—In reply to your enquiry, I would state, that we receive frequent reports of the prices of American stocks in London, from both of our correspondents, viz: Messrs. Baring, Brothers & Co. and Messrs. C. J. Hambro & Son. I have examined these reports anew, and not only do not find any quotations of our State Bonds at 80, but do not find them referred to as being in market at all, unless the report of the prices of stocks by Messrs. Barings, of 3d June, be so considered. In that report, however, the quotation is 86 buyers, 90 sellers; and I regard it only as an opinion of what would be the valuation of the stock, if any were in market.—Messrs. Hambro & Son have, at different times, stated that none of our State bonds were to be found in market. During the past season, we have, from time to time, transmitted to our agent in London, Messrs. Hambro & Son, large amounts of exchange.

For the earlier portion of the funds forwarded, we directed remittances of specie, as at that period of the year we could obtain our returns shipped direct to this city, and avoid the additional cost of transshipment through a northern port. But the amount of funds we forwarded, considerably exceeded the amount of our orders for specie, and we have, therefore, drawn upon them for upwards of £15,000, the whole of which our correspondents might have applied to the purchase of bonds, had any offered in market.

We have funds also in the hands of Messrs. Barings, which we would have made available to such purchases. But even if we had no funds in actual possession of our agents, there would have been no difficulty, on

their part, of making purchases of State bonds, in conformity with the standing instructions given them, to purchase on our account. This will be evidenced by the following extract from their letter of 18th May, 1847: "If, however, you should find it advisable to take advantage of the rise in sterling, you are at liberty to draw on us 60 d. sight, to the extent of twenty thousand Pounds, which you may cover when you hear of our having shipped the 25 m. Sovereigns."

You are aware, also, that Messrs Hambro & Son hold the Rail Road Bonds owned by the Bank, to the amount of £10,750 sterling; and the bonds which they may at any time purchase on our account, remain in their hands until they are refunded for their advances, so that there can be no hesitation on their part, to make such purchases, whenever an opportunity offers for obtaining State bonds.

Our desire to obtain these bonds has been so frequently manifested to our agents in London, that I do not think they would have failed to purchase, if any had been offered for sale, at or under 90.

Your most obedient,

C. M. FURMAN, Cashier.

F. H. ELMORE, Esq.

Pres. Bank State So. Ca.

#### PURCHASES

Of Louisville, Cincinnati and Charleston Rail Road Company Bonds, payable in London, made by the Bank of the State of South Carolina, through C. J. Hambro & Son, of London.

1842		Amount purchased		
Month	Day			
July	20	do	do	£750 at 75
"	22	do	do	1,250 76
Aug.	15	do	do	750 76½
"	"	do	do	2,000 76½
Sept.	2	do	do	500 77½
"	27	do	do	1,000 77½
Dec.	3	do	do	1,250 78½
1843				
Aug.	3	do	do	2,500 86½
"	26	do	do	750 86½
			£10,750	

#### PURCHASES

Of Bonds of the State of South Carolina, payable in London, (Fire Loan) made by the Bank of the State of South Carolina, through C. J. Hambro & Son, of London.

1842		Amount purchased		
Month	Day			
Sept.	19	do	do	£5,000 at 83
"	17	do	do	500 77½
1843				
Aug.	3	do	do	500 89
1844				
Jan.	29	do	do	1,500 89
			£7,500	

To ascertain the cost precisely, exchange must be added.

## CORRESPONDENCE,

*And extracts from correspondence, between F. H. Elmore, President of the Bank of the State of South Carolina, and various persons in Europe and America, in regard to the purchasing of State Stocks in England.*

PRESIDENT TO GENERAL HAMILTON.

BANK STATE SOUTH CAROLINA, }  
Charleston, April 9, 1840. }

*Dear Sir:*—The Bank avails itself of your visit to England, to request your services in making some fiscal arrangements in that country, for facilitating its business. We wish to establish an agency with some banking concern, the duties of which will be of the character usual in such connexions, to wit:—to collect bills or other demands, which may, from time to time, be remitted to them, to meet such exchanges as we may draw on them, and to make remittances or investments, if we may wish them made. We desire, also, to establish a limited credit on which we may be at liberty to draw, whenever we may deem it advisable.

If an opportunity offers for establishing such an agency, with any private or chartered Banking Company of established credit, upon terms of reciprocal advantage, you are authorized and empowered to conclude such arrangements as you, in your best judgment, may approve.

I am, sir, with great respect,

your obt. servant,

(Signed)

F. H. ELMORE, President.

*Letter of instructions from F. H. Elmore, President of the Bank of the State of South Carolina, to Leon Herckenrath, Esq.*

BANK STATE SOUTH CAROLINA, }  
Charleston, 3d August, 1841. }

*Dear Sir:*—It is supposed that in the present depressed state of American Stocks, that the Bonds of this State, sold by Gen. McDuffie to Messrs. Baring, Brothers, & Co. and bearing an interest of 5 per cent. might be purchased in upon terms of advantage. The Board of Directors of this institution, being desirous of withdrawing, as much as practicable, from Europe, the debt of this State, are disposed, if the prices will justify them in it, to purchase, of these Bonds, from time to time, such amounts as the prices and their means will render advisable.

To do this with the best advantage, they must have the benefit of some confidential assistant to make inquiries and arrangements for the operation.

Mr. Lowndes, of your house, has suggested to me and the Board, that you will probably be in London about the time this letter would reach there, and that I may so far trespass upon your attention, as to devolve these inquiries and arrangements on you.

I have, therefore, by direction of this Board, acted upon his suggestion, and now proceed to lay before you our wishes.

The bonds, you are aware, are what are familiarly known as the Fire Loan, for rebuilding the City of Charleston. We see no quotations of their value in market, but it is known to us that the Rail Road Bonds guarantied by the State, have been sold there below 80. If our (the McDuffie) bonds can be had from 80 to 90, we will begin to purchase, and ten thousand dollars are hereby placed at your disposal to begin the operation with, in the form of a letter of credit on Messrs. Baring, Brothers & Co. It may, however, be that the price of our bonds may rule so much beyond those of the Louisville, Cincinnati and Charleston Rail Road Company's Bonds, bearing the same interest, and guarantied by the State, as to make it more advisable to buy them. You will, therefore, oblige us by procuring all the information on these points necessary to enable us to judge. The one would be an offset to the other, they being due before ours, and payable, interest and principal, there.

We would also be glad to have all the information practicable, as to what class of society hold our bonds, whether they are at all in speculators' hands, or held for investment, and generally their credit and estimation. As it is our intention to continue, from time to time, the operation of purchasing our bonds, if their price and our means make it advisable, we desire to make provision for it through you, by an arrangement negotiated with some banking house of high credit—such arrangement, however, must be subject to our confirmation; it may embrace not only the purchase of such bonds as we may instruct them to buy, but the collection of such sterling bills as we may, from time to time, send them for collection, the proceeds of which may be invested in these bonds, or drawn against by us; and also should specify what rate of interest will be allowed us on our deposits, and what commission or charge on each and every service rendered. Should the terms prove acceptable to us, we may avail ourselves of the services of such an agency, to some considerable extent. Some of our banks, you know, are turning their attention to such a business, and you will see by the last report of that Bank, that the Bank of Charleston has now at her disposal near a \$1000,000 in the Bank of Manchester.

Our contract with the Messrs. Barings, established them as our agents to pay the interest on our bonds. To the extent necessary to meet that, we should, of course, remit our bills to them, but should we establish an agency to continue the purchase of these bonds, it is manifest that they should not be at all apprised of our operations, as that would defeat our object, the value of these bonds being enhanced by it, they being the largest holders. Every precaution must, therefore, be taken, to keep out of view who are the real purchasers—indeed, if it could be so arranged, it would seem best (and therefore would be desirable to us) that your Charleston house should be the ostensible purchasers, this institution furnishing the means, through such sources as you may establish; the arrangements, before being conclusive, being first submitted to and approved by us.

If this latter suggestion is practicable and meets your concurrence, it seems to us to obviate many difficulties in our way, but it is thrown out as

a suggestion merely for your consideration, to be acted on or not, as you decide.

If the latter suggestion is not practicable, and an agency for the Bank be considered best, no precaution should be spared to preserve our being interested a profound secret. All of these matters, however, are left to your sound judgment and discretion.

Connected also with this matter, I should apprise you that Gen. Hamilton was authorized by us to make an arrangement, embracing a wider scope of operations.

This the General accomplished with the house of James Morrison, but the terms were not accepted by us—a copy is sent to you. The requirement to send *all* our exchange to them was against the contract with the Messrs. Barings, and the last requirement, of the Comptroller General's certificate, would not be complied with.

The commission of  $\frac{1}{2}$  per cent. on the debit side of the account, we consider too high.

Very respectfully,

your ob't. servant,

(Signed)

F. H. ELMORE, President.

LEON HERCKENRATH TO HON. F. H. ELMORE, PRESIDENT.

*Paris, Sept. 21, 1841.*

HON. F. H. ELMORE, President.

*Sir:*—My partner, Mr. Charles T. Lowndes, will have informed you that I had come in receipt of your honored favor of 31 August, and I requested him to assure you that I should immediately attend to your wishes.

Your instructions with regard to an agency of your Bank to be established in London, and further, for the purchase of the bonds negotiated by Gen. McDuffie, have been duly examined. Considering the delicacy of the matter, your being of opinion that the Bank had better not be known in the purchase of Bonds, I have, until now, thought it necessary to divide the business, namely, to inquire, first, for the conditions as to an agency to be established; and, secondly, to learn from other parties, in the name of Herckenrath & Lowndes, on what terms bonds could be purchased.

I am now in treaty with the highly respected house of Messrs. C. J. Hambro & Son, London, (reference Prime, Ward & King, New York,) to whom I gave particulars, mentioning your institution, and requested them, in the mean time, to get such information as should be desirable. I shall await their decision. After all, I expect to be obliged to show your letter, which shall be done, but with the prospect of success, and under the strictest secrecy. On the second head, I would beg to reply, that were I in Europe for some time, I should have no objection to be the purchaser for account of the Bank in London, which would keep the matter entirely a secret. Were it known that the Bank was a purchaser, it might throw

difficulties in your way. Messrs. Kracatler & Meisville have already offered to act in the name of Herckenrath & Lowndes; this house enjoys an excellent and well deserved credit. The following is the information I have obtained from sundry quarters, which generally agree in substance.

The Loan of General McDuffie is understood to have been, in all, about £250 *milli sterling*, of which £40 *milli* remain in Messrs. Barings' hands, held by them at 90, perhaps 89½, the price at which their last sales was effected; previous sales were made by them from 88 and upwards, to 89½; what has been sold being chiefly for investment, bought by American residents in England.

It is seldom that any of this stock appears in the market. Gen. Hamilton's loan, sold to Messrs. Palmer, McKillop, Dent & Co. can be purchased of Messrs. Palmers, at the rate of 88 per cent. They have been hitherto at about 2 per cent. below the price at which Messrs. Barings' bonds were sold. Of this latter description of stocks, now and then parcels appear in the market, and they are quoted nominally at 83, and it is thought that if the market be properly watched, occasional purchases may be made at favorable prices.

The mode of purchase would depend upon the amount to be bought—were it a *considerable* one, I should think it could only be effected in treating through a broker with Messrs. Baring or Palmer. Is the amount to be purchased only small, I advise an opportunity to be watched for, till some stockholder desirous of realizing, appears in the market.

Operations of this kind, namely, such as purchasing American Stocks in the market, could not be effected otherwise than for ready money, and with remittances in hand, for which a commission would be charged of ¼ per cent. and brokerage ¼ per cent.—the present moment is thought favorable for the undertaking. Being told that there might be some of the stock here, I inquired of the bankers on my arrival, but was answered in the negative. I shall return to London, and continue to advise you, as soon as I shall know the determination of Messrs. C. J. Hambro & Son.

I remain, sir, your ob't. servant,

(Signed)

LEON HERCKENRATH.

*Extract.*

C. J. HAMBRO & SON TO LEON HERCKENRATH.

[*Confidential.*]

London, Oct. 20, 1841.

LEON HERCKENRATH, Esq., Charleston:

Dear Sir,— \* \* \* \* \* With regard to the South Carolina Bonds, there has not been a bargain in them for months past, when we understand the rate was 85 per cent. If a sale was attempted, which could only be done by offering the stock in the market, we doubt whether 75 per cent would be obtained. On the other hand,

if a purchaser went openly in the market, the pretensions would probably soon be raised to 85 per cent. We see but one way to operate in this business, which would be to watch the market attentively, and thus secure such amounts as may occasionally appear. We think the preceding will be found a reply to all inquiries of the Bank, relating to Stock transactions.

We remain, dear sir,

Yours very truly,

(Signed)

C. J. HAMBRO & SON.

LEON HERCKENRATH TO PRESIDENT.

*London, July 23, 1842.*

F. H. ELMORE, Esq. President, &c.

*Dear Sir,*—In virtue of the authority received from you, under date of the 1st June, 1842, I have the honor to inform you, that I have this day concluded an arrangement with the very respectable house of Messrs. C. J. Hambro & Son, of this place, by which they have agreed to act as agents for the Bank of the State of South Carolina, on the conditions as expressed in the said authority, and which have been included in a contract, for the sake of regularity, the original of which is herewith sent to you by Messrs. C. J. Hambro & Son, to whom I have given the following documents which I received from you.

No. 1.—Your power of attorney, or letter of authority, certified by the British Consul at Charleston, dated 1st June, 1842.

No. 2.—Order of the Court for the investment of funds belonging to Minors, into the stock of the General or State Government, and certified by the British Consul.

No. 3.—Certificate of the British Consul, Wm. Ogilby, Esq. as to the standing of the Bank of the State of South Carolina.

No. 4.—Your letter of the 1st June, 1842, expressing your wish to establish an agency in London.

No. 5.—Your letter of explanation with regard to the liabilities of the said Bank.

No. 6.—Your letter of instructions, after having succeeded in arranging for an agency, to instruct said agents to purchase, for account of the Bank, bonds of the Louisville, Cincinnati and Charleston Rail Road Company, guaranteed by the State of South Carolina, at not exceeding 80 per cent, and the bonds of the State of South Carolina, at not exceeding 85 per cent.

I must acknowledge, my dear sir, that this arrangement gives me much pleasure, and I have no doubt that it will prove satisfactory to you. The fact is, that the credit of the United States' institutions, bonds of sundry States there, has been reduced to such a low ebb, that even the loan of the United States cannot be disposed of *on any terms*, the want of confidence being so great. I cannot but feel highly flattered and gratified at the faith which Mr. Hambro has been pleased to attach to my statement, with regard to your institution, and allow me to speak frankly, which can never give offence, that however solid the South Carolina institutions are, however well managed and deserving of confidence and credit the Bank of the State of South Carolina may be, still every American liability has suffered in the



general destruction of credit at large. It is my duty to inform you that Messrs. C. J. Hambro & Son are a house of *great wealth*, never embarking in any one operation, or with any one institution, or any one house or firm, enough, in case of failure, to hurt them or their credit.

Mr. Hambro, whom I had the honor of knowing several years, has been ever kind to me, he has always shown me much confidence, and withal that, is a very particular man in business. He is, if I may so express myself, of the "good Dutch School;" he is ready to show you all the confidence you may desire, but at the same time very rigid in his transactions, and I have no doubt that as you get better acquainted together, I shall derive much satisfaction from the connexion which I have thus opened. The fact is, that it must be of great importance to your institution to know, that suppose you had all your assets in the hands of Messrs. C. J. Hambro & Son, you, and all your co-directors, might sleep, without having any occasion for uneasiness. Another great advantage is, to have a respectable house, at any time, to protect your paper.

I remain, my dear sir,  
with great esteem,  
your ob't. servant,

(Signed)

LEON HERCKENRATH.

#### EXTRACT OF ARTICLES OF AGREEMENT WITH C. J. HAMBRO & SON.

4th. To purchase for and on account of the said Bank, the Sterling Bonds of the State of South Carolina, or of the Louisville, Cincinnati and Charleston Rail Road Company, guarantied by the State of South Carolina, within such rates and terms as may from time to time be directed; provided the Bank have of funds in the hands of C. J. Hambro & Son, applicable to such purchase, one fifth, or 20 per cent, of the price to be paid, the balance, or 80 per cent, to be advanced by the said agents, and the bonds to be held as security upon the payment of the same, as hereafter specified.

5th. To purchase, if they see a favorable opportunity, and *are then willing* to make the advance for it, any amount of the bonds of the State of South Carolina, within such limits as may from time to time be prescribed by said Bank. Provided such purchases shall not at any one time exceed (£15,000) fifteen thousand pounds, until the same have been communicated to the Bank, and further purchases assented to and directed; all which purchases shall be binding on the Bank, and the money so advanced shall be replaced by the Bank as follows, viz: 20 per cent, or one fifth, with all reasonable dispatch, after being notified by them, and the balance, or 80 per cent. as hereinafter provided in Article 11, the bonds remaining with the agency as security, until the whole amount is repaid.

11th. All advances by the said agency of eighty per cent for the purchase of the bonds, provided for above, shall be covered by the Bank of the State, within six to twelve months, and in case of failure to do so, the said agents may, after giving notice to the said Bank of three months from the time such notice is sent by the Mail Steamer, proceed to sell so much of the

said bonds as will reimburse their advances, interest, and reasonable expenses, and then return the overplus and balance of the bonds to said Bank or its agent, duly authorised to receive them.

### PRESIDENT TO LEON HERCKENRATH.

BANK STATE OF SOUTH CAROLINA, }  
 Charleston, 26th July, 1842. }

*My Dear Sir,*—I have before me the circular of Messrs. Baring, Brothers & Co., of the 4th instant. In this, is the following quotation, "South Carolina Sterling, Palmer's 5 per cent. 75."

It will clearly be a good operation for us to purchase these bonds, if they can be got at that rate. They are redeemable earlier than ours, and although not so desirable as our own, any considerable difference of price will compensate us for preferring them. Let me, therefore, ask you to turn your attention to them as well as our own bonds, and prepare the way for us, should we resolve to buy them. I shall wait to have your views on this point, before giving any definite instructions in regard to them.

I shall look now anxiously for your first letters, which I hope will give us more favorable accounts than the general aspect of affairs would seem to promise.

I remain with great respect,

(Signed)

F. H. ELMORE, President.

To LEON HERCKENRATH, Esq., London.

### C. J. HAMBRO & SON TO PRESIDENT.

London, 23d, July, 1842. }  
 2d August }

F. H. ELMORE, President.

*Dear Sir,*—As a commencement of our operations, and in conformity with your orders, transmitted to us in your letter addressed to Mr. Herckenrath, mentioned before under No. 6, authorizing us to purchase the bonds of the State of South Carolina, at a price not exceeding (85) eighty-five pounds for every hundred pounds, and the bonds of the Louisville, Cincinnati and Charleston Rail Road company guarantied by the State of South Carolina, at a price not exceeding (80) eighty pounds for every hundred pounds, we have succeeded in purchasing, at a price considerably under your limits, (£2,000) say two thousand pounds sterling, bonds of the Louisville, Cincinnati and Charleston Rail Road company, guarantied by the State of South Carolina, as follows:

On the 20th July £750 a 75 per cent	£562 10
Brokerage 1-4	1 17 6
	<hr/>
	564 7 6
	<hr/>
And on the 22d July £1,250 a 76 per cent	£950
Brokerage 1-4	3 2 6
	<hr/>
	£953 2 6

which amount we carry to the debit of the Bank of the State of South Carolina, under the respective dates as above.

These Bonds, as well as those of the State of South Carolina, are but seldom offered for sale in our market, owing, principally, to the established credit of the State; however, we trust that, by vigilantly watching favorable opportunities, we may be enabled to extend our operations to the satisfaction of the Bank.

We have the honor to be, dear sir,

Your ob'd't servants,

(Signed)

C. J. HAMBRO & SON.

PRESIDENT OF THE BANK OF THE STATE OF SOUTH CAROLINA TO C. J. HAMBRO & SON, LONDON.

*Charleston, 23d August, 1842.*

*Gentlemen:*—I had the pleasure of receiving this morning, your esteemed favor of 23d July, 2d August, per Britannia, covering the letter of Mr. Leon Herckenrath, and the contract made by him as the agent of this institution with your respected house, for the transaction of the business specially set forth in said contract, which is dated 23d July, 1842.

This contract is in strict conformity to the powers given Mr. H. and is, therefore, ratified and confirmed. I cannot forbear to express my great satisfaction at this connexion, which, under all the circumstances of the times, affords me more than ordinary pleasure. I trust it will, in its whole extent, prove as advantageous in its results, as the commencement has been entirely satisfactory. The purchases you have already made of the £2,000 of the Louisville, Cincinnati and Charleston Rail Road bonds, guaranteed by the State of South Carolina, are more favorable than we counted on when we authorized the transaction, although more recent advices led us to expect a reduction of rates.

While we would prefer the bonds of the State at 2 to 5 per cent higher, still we will be pleased at the continuance of purchases of Louisville, Cincinnati and Charleston Rail Road company bonds, upon such terms as you have obtained these at. Accompanying this, will be a bill drawn for Messrs. Herckenrath, Lowndes & Co. on Messrs. Baring, Brothers & Co. for four thousand pounds sterling, (£4,000) to be placed to our credit for these and such other purchases as you may make.

The extent to which we may be willing to go, will depend to a great extent on the terms we may be able to purchase at; should they continue as they have commenced, we will endeavor to extend our means in that direction.

I shall be more than pleased to hear from you, as you kindly propose, by the packets, on the state of your markets, and the prospects for the accomplishment of our views.

I am, gentlemen,

Your obedient servant,

(Signed)

F. H. ELMORE.

## EXTRACT FROM SAME TO SAME.

We would also be obliged, if you would advise us as to the probability of your being able to get any of our own State bonds. If we could obtain of them, we would prefer it, but not at too great a difference. There have been some sent home and offered for sale, but I have not learned that they have been disposed of. You will oblige us by giving us, in your price current, the price of our State stocks. While we feel an interest in all the stocks in your market, that felt in our own and sister States is greatly predominant. On the 23d August last, Mr. C. M. Furman, our Cashier, transmitted to you, through Messrs. H. & Lowndes, four thousand pounds (£4,000) to be placed to our credit. We have not yet been advised if it has been received by you.

(Signed)

F. H. ELMORE, Pres.

*Extracts.*

## C. J. HAMBRO &amp; SON TO PRESIDENT.

London, 19th September, 1842.

(Per Columbia.)

F. H. ELMORE, Esq. President.

Dear Sir:—

We have credited the Bank of South Carolina for the bill of four thousand pounds, remitted to us by your said letter, say, £4,000, on Baring, Brothers & Co. due 19th September. After having been unsuccessful in our endeavors to purchase the State stock of South Carolina for a considerable time, it gives us much pleasure, in being able to advise by the present, that on receipt of your letter, were enabled to meet your views by purchasing of Messrs. Baring, Brothers & Co. five thousand pounds South Carolina State stock, say

£5,000 a 83 per cent.

£4,150

Brokerage

12 10

£4,162 10

for which we debit the bank, due 16th September; and have further to advise a purchase of five hundred Louisville, Cincinnati and Charleston Rail Road company stock, say

£500 a 77½ per cent.

£387 10

Brokerage

1 5

£388 15

Likewise to the debit of the Bank, due 17th September.

(Signed)

C. J. HAMBRO &amp; SON.

## PRESIDENT TO C. J. HAMBRO &amp; SON.

BANK OF THE STATE SO. CA.

Charleston, Oct. 29, 1842.

To Messrs. C. J. HAMBRO &amp; SON.

Gentlemen:—The above is a copy of my letter to you of the 6th Oct.

inst. Since then, I have your favors of the 19th September by the Columbia, and of the 3d October instant, per Britannia. I am pleased to learn through yours of the 19th September, that you have received the £4,000 transmitted to you by bill in favor of Herckenrath & Lowndes, on Baring, Brothers & Co. due 19th September, and credited to our account that day. In the same, viz. 19th September, you apprized us of the purchase on our account, of £5,000 of State sterling 5's, of Baring, Brothers & Co. at 83; of £500 Rail Roads bonds at 77½, netting £4451 5. And in yours of the 30th inst. of a further purchase £1,000 Rail Road Bonds at 77½, netting £775; all of which are satisfactory. We have very much desired to have some of the State sterling, and therefore are content to pay 83 for those purchased; but having now a nucleus, while the Rail Road Bonds rule at 75 to 77½, we would not desire to purchase the State sterling at more than 80 or 81 at most. The difference is so great, as to well warrant us in preferring the Rail Road bonds at such rates; but if the State bonds can be got at or under 80, pray go as far as £10,000 at any time. In reply to that part of yours of the 19th September, relating to the rates and amount we now wish purchased, I would say, that we do not propose to limit our operations to £15,000, but, as you surmise, to go beyond, if the present or better rates can be had. At 75 for Rail Road, and 77½ to 80 for State bonds, we would not hesitate to strain every nerve to cover any purchase you might make; and at present rates, we are not disposed to check the course of operations, which you have so far conducted so judiciously, and so much to our satisfaction.

But while we are satisfied with prices as they are, and approve of your idea of picking up, as the market offers, these stocks at rates not exceeding those heretofore paid, we are not, in the present deranged condition of trade and money matters, prepared to draw out more sellers *by raising the rates*. Until we see our way clearer through the present embarrassments, we prefer matters going on they have done so far.

The rate of exchange on Europe is low, and falling, and we shall endeavor to lay in a good stock for operations in our moderate way.

I remain, gentlemen,

With great respect,

Your obedient servant,

F. H. ELMORE, Pres.

*Extract.*

C. J. HAMBRO & SON TO PRESIDENT.

London, 18th October, 1842.

(Per Caledonia.)

F. H. ELMORE, Esq. President.

Dear Sir:—

None of your stock has been offered in the market since we had this pleasure, nor have we been more fortunate with our friends on the continent. These securities appear to be in steady hands, and we await your views in reply to our letter of 19th September, before we proceed to raise the prices, so as to induce the holders to come forward.

(Signed)

C. J. HAMBRO & SON

*Extract.*  
FROM SAME TO SAME.

*London, 3rd November, 1842.*

F. H. ELMORE, Esq. President.

*Dear Sir* :—Since we had this pleasure, we have not heard of a single bargain having been done in either of the stocks of your State; we have consequently no purchase to advise, nor can we give you any quotations of prices. If nothing offers, it would only be increasing the steadiness of the holders to force the market, and before we venture this step, we expect your instructions in this regard.

(Signed)

C. J. HAMBRO & SON.

*Extract.*  
LEON HERCKENRATH TO PRESIDENT.

*London, November 17th, 1842.*

F. H. ELMORE, Esq.

*My Dear Sir* :—There are no South Carolina stocks at present offering in market; the transaction must be proposed by letter, for should Messrs. Hambro & Son offer to purchase, the rate would be soon beyond our reach; you may rest assured, that if any favorable offer comes forth, these gentlemen will embrace the opportunity.

Remaining, Dear Sir,

Your, &c.

(Signed)

LEON HERCKENRATH.

C. J. HAMBRO & SON TO F. H. ELMORE, PRESIDENT.

*London, 18th November, 1842.*

*Dear Sir* :—There has been no business transacted in South Carolina stocks since our last, and at present we see no chance of obtaining any.

Your obedient servants,

(Signed)

C. J. HAMBRO & SON.

C. J. HAMBRO & SON TO F. H. ELMORE, ESQ. PRESIDENT.

*London, 3rd December, 1842.*

*Dear Sir* :—South Carolina Rail Road, as well as State stock, is as scarce as ever; and we have only succeeded, since our last, in purchasing twelve hundred and fifty pounds in sterling bonds of Louisville, Cincinnati and Charleston Rail Road company, say

£1,250 a 78½ per cent. ....	£978	2	6
Brokerage ¼ per cent. ....	3	2	6
	<hr/>		
	£981	5	

for which we have debited the bank's account. Before we have your instructions on this point, we will not begin to enforce our purchases of stock, but only continue buying that which occasionally presents itself on moderate terms.

Remain, Dear Sir,

Yours, &c. &c.

(Signed)

C. J. HAMBRO & SON.

C. J. HAMBRO &amp; SON TO F. H. ELMORE, ESQ. PRESIDENT.

*London, 3rd Feb 1843.*

Our continued exertions to procure some of your State Stock at reasonable prices, remain as fruitless as stated in our last. The Louisville, Cincinnati, and Charleston Rail Road Stock, is held firmly at 85 per cent, and for State Bonds, we should have to pay 90 per cent. These prices are so far beyond your expectations, that we are obliged to pause in our operations, until we again hear from you, unless prices should decline in the meantime. While the Stocks of your State enjoy such high credit, those of the North American States in general have suffered considerably, and prices, in consequence, have receded still further.

HAMBRO &amp; SON TO PRESIDENT.

*London, 3rd April, 1843.*

*Dear Sir* :—Your stock is still too high in our market, to permit us to act upon your limits.

We have the honor to remain  
with regard, your ob'dt. servants,

(Signed)

C. J. HAMBRO &amp; SON.

FROM SAME TO SAME.

*London, 18th April, 1843.*

F. H. ELMORE, President:

*Dear Sir* :—The market for your State Stocks is still in the same firm position; it is not to be obtained under 90 per cent, which is too far beyond your views.

South Carolina Sterlings	----- 90
Rail Road	----- 85

Yours, &amp;c &amp;c.

(Signed)

C. J. HAMBRO &amp; SON.

FROM SAME TO SAME.

*London, 3rd May, 1843.**Quotation of Stock.*

South Carolina Sterlings	----- 87,90
Rail Road	----- 85,7

(Signed)

C. J. HAMBRO &amp; SON.

*Extract.*

HAMBRO &amp; SON TO PRESIDENT.

*London, 18th May, 1843.*

F. H. ELMORE, Esq.

*Dear Sir :—*

\* \* \* \* \*

The prices of South Carolina Stock are nominally without any alteration, and we have not heard of any transactions having taken place. We give you quotations at foot, as well as of other American securities.

\* \* \* \* \*

(Signed)

C. J. HAMBRO &amp; SON.

South Carolina.....

87.90

Rail Road.....

85.7

FROM SAME TO SAME.

*London, 19th June, 1843.*

\* \* \* \* \*

We have not heard of a single transaction in South Carolina Stock since our last, although prices have gone up to 90 per cent; there is, however, none in the market.

Your ob't. servants,

(Signed)

C. J. HAMBRO &amp; SON.

FROM SAME TO SAME.

*London, 3rd July, 1843.*

\* \* \* \* \*

In American securities no transactions have taken place, with the exception of New York 5 per cent Stock, at 85 per cent; for Illinois there are no buyers at 28 per cent. We have, therefore, no alterations to make in our last quotations. In South Carolina, there is nothing doing, and prices remain nominally the same.

Yours, &amp;c.

(Signed)

C. J. HAMBRO &amp; SON.

*Extract.*

PRESIDENT OF BANK STATE SOUTH CAROLINA TO C. J. HAMBRO &amp; SON.

*Charleston, August 9th, 1843.**Gentlemen :—*

\* \* \* \* \*

In my letter of the 5th January last, I adhered to the course of policy in regard to the purchase of our bonds, indicated in my letter of the 29th of October, 1842, for reasons therein expressed, and to which we beg to refer you. Since then, the monetary and commercial affairs of this country have undergone a great change, and we feel so much strengthened in our condition, as to be able to assume a more decided course in regard to the



purchase of our bonds. You are, therefore, authorized to raise your rates if you deem it advisable, as far as 85, or even 87 for our State Bonds; and 83, or even 85 for South Western Rail Road Bonds, guarantied by this State; and if you could, by the 1st November, purchase us of the State Bonds, as much as £10,000 at 88, if they cannot be got lower, we would be highly pleased at the operation.

I am, gentlemen,

with great respect,

your ob't. servant,

F. H. ELMORE, President B. S. S. C.

### HAMBRO & SON TO PRESIDENT.

*London, 3rd August. 1843.*

Dear Sir :—To-day, we have the pleasure to advise our purchases for your account of £2,500 Louisville, Cincinnati and Charleston Rail Road Stock, at 86½ per cent, making-----£2,162 10

Brokerage ¼ per cent.-----6 5

£2,168 15

And £500 South Carolina State Stock, at 89 per cent.-----£445

Brokerage ¼ per cent.-----1 5

£446 5

For which we have debited the account of the Bank. It was with the concurrence of Mr. Caldwell that we paid these advanced rates, but not being able to buy the State stocks to-day, under 91 per cent, we are again compelled to remain inactive.

### FROM SAME TO SAME.

*London, 17th August, 1843.*

We are sorry to say that we had no further occasion to continue our purchases of stocks for your account, those which we advised you by our last, being now 2 per cent. higher.

Yours, &c.

(Signed)

C. J. HAMBRO & SON.

*Postscript.*

HAMBRO & SON TO PRESIDENT.

*London, 17th August, 1843.*

South Carolina Stocks are nearly not to be had. Some begin to ask

par. Money being of little value, so people buy these stocks again as investment.

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FROM SAME TO SAME.

*London, 4th Sept. 1843.*

\* \* \* \* \*

This business will by no means interfere with the purchases of stock on account of the Bank. We will continue to watch its interest closely in this respect, and buy up whatever offers under your limits of State Stock, up to £10,000 as you direct. At present, there is but little probability of any business being done at your prices of 85 per cent. for Rail Road, and 87 to 8 per cent. for State Stock, the latter having gone up to 92, and the former to 87-8 per cent.

\* \* \* \* \*

South Carolina P. C.-----	87 8
do. B. C.-----	92 3

(Signed) C. J. HAMBRO & SON.

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HAMBRO & SON TO PRESIDENT.

*London, 3d October, 1843.*

\* \* \* \* \*

The State of our Stock market has not altered since our last, and the transactions are not considerable. A small amount of State Stock (South Carolina) has changed hands at 92 per cent.

\* \* \* \* \*

(Signed) Respectfully, &c. &c.  
C. J. HAMBRO & SON.

---

FROM SAME TO SAME,

*London, 18th October, 1843.*

\* \* \* \* \*

We could not make any further purchases of South Carolina Stocks, as these are only offered at an exorbitant price, and much higher than your limits.

\* \* \* \* \*

(Signed) We remain truly yours,  
C. J. HAMBRO & SON.

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PRESIDENT TO HAMBRO & SON.

*Charleston, Nov. 10th, 1843.*

MESSRS. C. J. HAMBRO & SON:

*Gentlemen.*—Referring to my letter of 6th October, duplicated above, I beg leave to say to you that the Hon. J. H. Hammond, Governor of this

State, has recently written to me, that he will recommend, by message to our Legislature, that this Bank shall be wound up and withdrawn in seven years, and its funds applied to pay the public debt. I repeat to you with great confidence, that this measure cannot succeed; in my opinion, there is not the least chance for it. But still it may affect the credit of our stocks, and depress them greatly in your markets. I wish you to be prepared, in case such be the effect of his message, to purchase freely for us. If they fall to or below 90, you may buy £20,000, and if as low as 85. as much as £30,000; should they fall to 80, as much as £40,000—making, however, a discrimination of 1 a 2 per cent. between the State Bonds, and those of the Louisville, Cincinnati and Charleston Rail Road Company.

(Signed)

Very respectfully,

F. H. ELMORE,  
President Bank State South Carolina.

*Extract.*

HAMBRO TO PRESIDENT.

London, 3d Nov. 1843.

F. H. ELMORE, President:

*Dear Sir.*—

The prices of American stocks you will find at foot; there is a better feeling for these securities in general, and some good business has been transacted in the same, since our last. South Carolina Stock is scarce, and ranges too high above your limits.

*Quotations of Stock.*

South Carolina B. C.	-----	93
Rail Road P. C.	-----	89 90

(Signed) C. J. HAMBRO & SON.

PRESIDENT TO HAMBRO.

Charleston, 23d Dec. 1843.

Messrs C. J. HAMBRO & SON:

*Gentlemen.*—

P. S. If you can engage any of our B. B. and Co. Bonds at 93 or under, I will be glad to get some £5000 at the highest rate or under. If at or below £90, you may take all you can get. From 90 to 92 I would take £10,000; below 90, refer to my letter of 10th November.

HAMBRO & SON TO PRESIDENT.

London, 4th Dec. 1843.

*Dear Sir:*—In our letter of 18th November, of which we give you a copy herewith, we had the honor to give you our candid views upon the important question of winding up the affairs of your institution, and we now learn by the receipt of your regarded favor of 10th November, that

such a measure has been actually recommended to your Legislature, by the Hon. J. H. Hammond, Governor of the State. Although, as you confidently express this proposal cannot meet with success, it may affect the value of your securities. We are, therefore, prepared, should such take place, to operate upon your order, to purchase up to £20,000 at 90 per cent; £30,000 at 85 per cent. and to £40,000 if at 80 per cent. or lower, making a difference of 1 or 2 per cent. between the State Bonds, and those of the Louisville, Cincinnati and Charleston Rail Road Company. The proposed measure of the Government not being known here as yet, these securities maintain their former high position of 93 to 94 per cent; even at such prices it is a rarity to meet with any of the Stock in the market. You may rely upon our watching the market closely, and availing of the first opening for operating for the interest of the Bank.

We address you, as usual, in a separate letter to the Bank, upon the running transactions, and have the honor to be,

With sincere esteem,

dear sir, your ob't servants,

(Signed)

HAMBRO & SON.

#### BAMBRO & SON TO PRESIDENT.

*London 3d, Jan., 1844.*

F. H. ELMORE:

*Dear Sir,—*

None of your State or Rail Road Stock is in the market.

#### FROM SAME TO SAME.

*London, 4th March, 1844.*

Some of these are lower in consequence of the accounts from New York, but South Carolina Stock remains scarce, and as high as ever.

We are, with sincere regard,

dear sir, your most ob't. servants,

(Signed)

HAMBRO & SON.

#### FROM SAME TO SAME.

*London, 3d April, 1844.*

But in South Carolina Stocks we have not heard of a single transaction.

#### FROM SAME TO SAME.

*London, 3d June, 1844.*

Of South Carolina Stock nothing has appeared in the market.

*Quotation of Stock.**London, 18th Jnne, 1844.*

South Carolina,	-----	95
Alabama,	-----	82 3

*London, 3d August, 1844.*

South Carolina,	-----	92
Rail Road,	-----	90 nominal

**C. J. HAMBRO TO PRESIDENT BANK STATE SOUTH CAROLINA.***London, 18th Sept. 1844.*

\* \* \* \* \*

South Carolina Stock does not come forward, and there has been no business doing in it.

**FROM SAME TO SAME.***London, 18th Oct. 1844.*

\* \* \* \* \*

Business in these securities is very slack, and no South Carolina either State or Rail Road Stock is to be met with.

**FROM SAME TO SAME.***London, 4th Nov. 1844.*

\* \* \* \* \*

We give at foot some prices of American securities, in which there is, however, very little stirring. South Carolina Stock is not to be met with.

**HAMBRO & SON TO PRESIDENT BANK STATE SOUTH CAROLINA.***London, 3d Dec. 1844.*

\* \* \* \* \*

Some few days ago there was a small parcel of South Carolina Stock offered to us, consisting of about £5000 of each sort, for which a high price was asked. We might have bought them perhaps at 90 and 93 per cent, but would not venture to do so for your account, it being above your limit, and the last order you gave us being rather of old date.

## FROM SAME TO SAME.

*London, 3d Feb. 1845.*

\*       \*       \*       \*       \*

Of South Carolina Stock none whatever has appeared, and it is in fact impossible to give quotations.

## PRESIDENT TO HAMBRO &amp; SON.

BANK OF THE STATE OF SOUTH CAROLINA, }  
*Charleston, June 25th, 1847. }*

Messrs. C. J. HAMBRO &amp; SON:

*Gentlemen,*—The last steamer brought us a letter from Messrs. Baring, Brothers & Co. of 3d June. In the quotations of stocks, we find they report South Carolina Sterlings of 1858 and 1868, at 86 to 90. I have been informed to-day, that the Bank of Charleston has purchased of these 5 sterlings £10,000 at 85. These prices indicate a far greater depression than we had anticipated, and we would, if they existed as low as 85 to 88, have been pleased had you purchased for us any amount short of £20,000. If you can get at £85 you may purchase £20,000, and we will cover as rapidly as possible, and so up to 88 you may purchase, deducting £5000 on each 1 per cent, that is at 85, £20,000; at 86 £15,000; at 87 and 88 £10,000

I will be pleased to hear from you on this subject,

And am, with great respect,

F. H. ELMORE, President.

## HAMBRO &amp; SON TO PRESIDENT.

*London, 19th July, 1847.*

F. H. ELMORE, Esq., President B. S. S. C. Charleston:

*Dear Sir,*—We have had the honor to receive your esteemed letter of 26th June, by which you order us to purchase South Carolina Sterling Bonds, up to £20,000, at prices ranging from 85 to 88 per cent. It is a very long time since anything has been done in this stock in the London market, the absence of business being also proved by the wide margin in the quotations of 86–90. We always watch the market for these securities very closely, knowing that it is of considerable interest to you, and we should have hastened to report any transaction that took place, or even ventured to purchase for your account on moderate terms, had any stock presented itself. We have taken due notice of your present instructions, regarding the purchase, and beg to assure you, that we shall use our best efforts to execute the order.

By the next packet we shall have the honor to address you on this subject, as also in reply to your separate letter with reports, and meanwhile beg to subscribe ourselves,

With high regard,

dear sir, yours, &amp;c.

(Signed)

C. J. HAMBRO &amp; SON.

## HAMBRO &amp; SON TO PRESIDENT.

*London, 3d August, 1847.*

F. H. ELMORE, Esq., President B. S. S. C. Charleston :

*Sir*,—We have received your much esteemed favor of the 26th June, and we thank you for transmitting us the two interesting pamphlets. It was very pleasing to find that our neighbors, Messrs. Baring, Brothers & Co., as well as your late respected Minister at this court, so entirely coincided in opinion with us. After such a signal defeat, there is hardly any probability that this question will again be brought forward. Should such an attempt be renewed, it will only be requisite to make reference to the able and dignified report of the Hon. J. A. Black, and the matter must of necessity drop at once. Since we had the honor to address you, on the 19th July, we have not been able to find any sellers of your State Stock, and we believe it would require a very extravagant offer to induce the holders to come forward and part with the stock. In the absence of business, it is impossible to give a quotation. There has been some Rail Road Stock in the market, which we might have purchased at 85 to 86 per cent. Would this suit you and to what extent?

We beg you will accept the assurance of our high esteem, and have the honor to be.

Your most obedient servant,

(Signed)

C. J. HAMBRO &amp; SON.

PETER TREZEVANT, ESQ. OF ENGLAND, TO DR. D. H.  
TREZEVANT, OF COLUMBIA.

*Extract of a Letter, dated**Chester Terrace, Regent's Park, London,**19th May, 1842. }*

In reply to Col. Elmore's suggestion, of State stocks being purchased here, since the amount I purchased from Gen. McDuffie I never have been able to get any, but through the house of Baring & Co. and the last purchase from them by me, was at 89 per 100, which is the price they now offer at, as per copy of their note annexed; none of this stock has been in public market, as I could find, through the medium of several brokers that I have employed. As Col. Elmore must know the amount held abroad by the amount he has to remit for the interest, he would be able to say to what amount he would like to purchase; to accomplish which, a credit must be established with some banker or individual house of respectability, authorizing myself, or any other agent they might choose, to purchase said bonds, whenever they can be found for sale at such prices as he may limit, and the amount wanted. But it must be so done that Baring & Co. should be perfectly ignorant of the business, or they will immediately demand a higher price. Again, it is to be observed, that the present reduced price is occasioned by the unsettled state of politics of the two countries—the embarrassed state of money matters throughout the United States, and some reluctance to our State, being a slave-holding State. He can consider these facts, and I shall be very happy to hear from him, or to give him any information that is in my power, at any time he may wish.

*Copy of Note from*

MR. BATES, OF THE HOUSE OF BARING & CO. TO PETER TREZEVANT, ESQ., dated

*Bishopsgate Street, 14th May, 1842.*

Mr. Bates presents his compliments to Mr. Trezevant, and begs, in reply to his note, to state that he is not aware of there being any South Carolina bonds in the market for sale. Messrs. Baring & Co. have a few thousand pounds remaining, which they are willing to dispose of at 91½ with the dividends from Jan. last, or 89, dividends from July next.

PETER TREZEVANT, ESQ. OF ENGLAND, TO DR. D. H. TREZEVANT OF COLUMBIA.

*Extract of Letter, dated,  
Gloucester Place, Brighton, October 15, 1847.*

The dreadful failures here, and still continuing to large amounts, have made great falls in public securities of every description; on 3¼ per cents and 3 per cents, (called Consols) from par to 87½ per £100, and are expected to be still lower; the South Carolina bonds that Mr. McDuffie sold here, for which I paid £95 per £100, are now to be had at £87 10 per £100.

*Extracts from Letters of Messrs. Baring, Brothers & Co. London, to C. M. Furman, Cashier of the Bank of the State of South Carolina.*

1845.

Jan'y. 3. American Stock. Since the arrival of the steamer Pennsylvania, 5 per cents have been in great demand, under the prospect of payment of the February dividends in cash, and have advanced 5 to 6 per cent. In other stocks not much doing. Louisiana Union Bank, none for sale. (Among numerous other quotations.) Pennsylvania 5 per cent 67 to 68. South Carolina, (Barings) 92 to 94, without dividend; nominal. Do. (Palmers) 88 to 90, do. do. Tennessee, 90 to 91, nominal. U. S. Bank Shares, 20 s. U. S. Bank Debentures—(Denisons) 60 to 65. U. S. Bank, Rothschild's Debentures, 40, nominal.

March 28. Since the receipt of the President's Inaugural Message, there has been a disposition to realize American Stocks, and as buyers are not readily found, sales have been made at 3 to 4 per cent under our last quotations. Pennsylvania 5 per cents have been done at 65, and Maryland Sterlings at 61½. No Louisiana Bonds have been offered for sale.

May 3. We have no change to notice in American stocks since our last, and as the transactions continue to be of a very trifling and uncertain character, any quotations would be but nominal.

Sept. 3. The transactions in American securities continue very limited, and quotations are, in consequence, nominal. Pennsylvania have declined to 67½ to 68. Nothing done in New York or Ohio. No Louisiana for sale.



Dec. 3. **American Stocks.** Business is paralyzed by the uncertainty about the Oregon question. There are no buyers, and forced sales must be made at great sacrifices; but under these circumstances, holders generally keep off the market. Pennsylvania 5 per cents offered at 65.

1846.

Aug. 3. The transactions in American stocks continue limited, and prices without change.

Sept. 3. American stocks continue neglected, and the accounts of the stock markets on your side are not calculated to revive demand. Some Pennsylvania 5 per cents have been forced off at 59, and some Indiana at 27½ per cent. The other securities without sufficient business to quote prices.

Sept. 11. No transactions to notice in American stocks.

Oct. 3. Nothing doing in American stocks.

Oct. 19. In American stocks there is so little business doing, that in almost all cases the prices are only nominal. (Among other quotations,) Pennsylvania 5 per cents 59 to 61. Tennessee 6 per cents, 86 to 88. So. Carolina, (Barings) 85 to 90. South Carolina, (Palmer's) 82 to 85, &c.

1847.

April 19. No change in American stocks. The intended payment of interest by the State of Maryland, on 1st of January next, has given firmness to the holders of these bonds, and there are buyers at 65, without finding many sellers. In Pennsylvania, some small parcels have been sold at 65 and 66.

March 26. **American Stocks.** There have been, since our last circular, some considerable sales of Pennsylvania 5 per cents at 66, 65½ and 65 per ct. Buyers of Maryland, at 65, sellers at 70, and the market in suspense, until the final settlement of the Bill now before the Legislature of that State. Sales of Indiana at 35, at which some is still offered. In other States no material alteration, and the present state of our money market is unfavorable for any demand for the purposes of investment.

June 3. **American Stocks.** The prices in Europe are now mainly, if not entirely, regulated by those which rule in the United States, and the late quotations from that quarter have produced corresponding improvement here; the business has, however, been trifling. No disposition is manifested to increase investments, whilst at the same time holders seem willing to keep what they have got, and very little stock comes to market. Our following quotations show in most cases the rates at which there are either buyers or sellers, to moderate extent. (Among numerous other quotations,) Ohio, 6 per cents—88 buyers to 90 sellers.

Pennsylvania,	5	"	68	"	70	"
So. Carolina,	5	"	82	"	85	" Palmer's
So. Carolina,	5	"	86	"	90	" Baring's
Tennessee,	6	"	87	"	89	" &c. &c.

June 18. **American Stocks.** The improved quotations from the United States have had a corresponding effect here, and with increased firmness in holders. Many of the American orders for purchase have not been executed. Pennsylvania 5 per cents have been

done at 62 per cent for trifles; we should quote 70 to 72. Maryland 70, nominal. Indiana has been done at 37. Illinois at the same price. A large purchase has been made of Michigan, at 30 per cent; at which price there are still buyers, but no sellers under 35. Ohio 90 to 92. No New York in the market. South Carolina Rail Road Bonds have fetched 85 per cent.

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*Extracts of Letters from C. J. Hambro & Son, of London, to C. M. Furman, Cashier of the Bank of the State of South Carolina.*

1847.

- Jan. 14. There is nothing doing in American stocks, and but little variation in ours. The market is flat, and money is getting scarce.
- Feb'y. 16. There is no material alteration in our markets since our last. Stocks are a little firmer, money 4 per cent.
- March 3. In American stocks there is no business transacted.
- April 3. In American securities there was some activity, and some good business has been doing in Pennsylvania 5 per cents at 65-6; Massachusetts 5 per cents, 101½-102½; Indiana 5 per cents 34-5; Mississippi 6 per cents, 48; Alabama 5 sterlings, 72-4; South Carolina State or. Rail Road stock has not appeared in market.
- " 19. New York 5 per cents 88 to 90; Pennsylvania 5 per cents 64½ to 65½; Ohio 6 per cents (1856) (1860) 88 to 90; Massachusetts 5 per cents (1868) 101-102; Indiana 5 per cents, 32-4; Mississippi 6 per cents, 48.
- May 3. There have been several transactions in American stocks since our last, at the following quotations. New York 5 per cents 87-8; Pennsylvania, 65-6; Ohio 6 per cents, 86-7; Massachusetts, 100-1; Indiana 32½-3½; Maryland 68-70; Mississippi 48, United States Bank shares 14 to 15 s.
- June 18. Our money and stock market remain heavy.
- July 3. New York 5 per cents 88-90; Pennsylvania 5 per cents 74-75; Ohio 5 per cents 90-92; Massachusetts 5 per cents sterling, 100, Maryland 5 per cents 69-70; Mississippi 6 per cents. 48; Alabama 5 per cents 56-58; Michigan 6 per cents 30; do 5 per cent sterling 25-6; New Orleans city 52-55; United States Bank 17 to 18 s.
- August 3. *Prices of American Stocks.*—New York 5 per cents 91; Pennsylvania 5 per cents 70; Ohio 6 per cents, 90; Massachusetts 5 per cents sterling, 100; Indiana 5 per cents 37; Illinois 6 per cents 37; South Carolina 5 per cents (Palmer's) 85-86; Louisiana 5 per cents 87; Maryland 5 per cents 70-1; Mississippi 6 per cents 48; Alabama 5 per cents sterling 56; United States Bank 16-17 s.
- " 18. We subjoin quotations of stocks and exchanges. American securities are rising in value, large orders having come over from the United States to invest money in them. Our stock market is dull.

*American Stocks, 18th August, 1847.*

United States 6 per cents 102; New York 5 per cents 89 to 90; Pennsylvania 5 per cents 69 to 70; Massachusetts 5 per cents sterling (1868) 100 to 101; Ohio 6 per cents (1850) 88 to 89; Indiana 5 per cents 37 to 8; Ohio 6, (1860) 90 to 91; Illinois 6 per cents 37 to 8; South Carolina (Palmer's) 86; Louisiana 5 per cents (Barings) 85-6; Mississippi 6 per cents 48; Alabama 5 per cents sterling, 57-8; do 5 per cents (Lizardi) 60; do 5 per cents sterling, 25-6; Michigan 6 per cents 33-5; New Orleans Can. and Banking Sh. £15 2 6-10; United States Bank 16-17 s.

Sept. 18. The funds are very flat, and prices tending downwards. We give you the quotations enclosed. On American securities it has not had much influence, the market being very quiet, but of course there is a general indisposition on all sides to invest at present.

Oct. 4. United States securities—no business has been done; prices are merely nominal, and the only quotations that can be given, are New York 5 per cents 89-90; Pennsylvania 5 per cents 68-9; Ohio 6 per cents 89-90; Massachusetts, 98-9; Indiana 26-7; Bank Shares 14-15 s.

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When the Bank of Charleston purchased the £5,000 of Rail Road bonds exchange was at 10 per cent, which made the purchase equivalent to 88.

To the prices quoted, exchange must always be added.

# REPORTS

OF

## SPECIAL COMMITTEES.

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(1844.)

*In the Senate, Dec. 18, 1844.*

The Special Committee, to which was referred the Report of the President of the Bank, in answer to a call for information, concerning debts of Incorporated and Manufacturing Companies, ask leave to Report :

That they have had the same under consideration, and have given that attention to the subject, which the near approach to the end of the Session, and the pressure of other business allowed them, and have arrived at the following conclusion, which is submitted for the consideration of the Senate.

They have not had time to examine minutely all the Bonded Debts set forth in the Exhibit (A.) but have confined themselves principally to Bond No. 1, which is due by the Nesbit Manufacturing Company, and which seems to be the largest debt due by any Incorporated or Manufacturing Company, and larger than the aggregate amount of all the debts due by other Incorporated Companies. In examining the said Exhibit, we find a statement of the amount now due by the Nesbit Company, (\$91,898 77,) to which, however, must be added the interest from October, 1841, as the Report itself informs us that no part of this debt has been paid. Again, this debt is said to have been contracted in 1841, with this explanation: that the Company, as a Company, contracted the debt at that time, but that the money had been previously loaned to individual members of the Company, for its benefit, during the administration of the former President of the Bank.

The remarks opposite Bond No. 1 will show that this debt is secured by a mortgage of Works and one hundred negroes, and also by a Judgment covering eighty negroes more, which property, of itself, would not be sufficient, in the opinion of the Committee, to pay the debt due by the Company, in consequence of the difficulty in finding a purchaser of that kind of property, although it may be worth intrinsically the debt now due.

The President of the Bank also informed the Committee that in addition to the security already mentioned, the Bank had individual security, and the names of individuals were given, but the Committee not having any personal knowledge of their situation, are not prepared to give an opinion on the subject.

By referring to the Act of 1812, establishing the Bank, it will be found that the Directors are required "to call in one tenth of each loan in each year," and as we are not aware of any subsequent alteration of this provision, we are of opinion that the law should have been strictly complied with,

unless the previous consent of the Legislature had been obtained to take some other course. The Committee have very little doubt, however, but that had an application been made to the Legislature, the same indulgence would have been extended, and under the peculiar circumstances of this case, they think no blame is to be attached to the President and Directors of the Bank, when we take into consideration the benefit that has resulted to the State, in the reduction of the prices of Iron, Castings, Nails, &c. and when every exertion seems to have been used to secure the ultimate payment of the debt. Believing that the State does not desire to oppress any portion of her citizens, and particularly those who are endeavoring to develop the resources of the State, and thus contribute to the general good, the Committee are of opinion that a reasonable indulgence should be still extended to the Stockholders of the Nesbit Manufacturing Company, and that further time should be given them to make payment, in the manner and at the times hereafter to be mentioned, and upon their securing the payment of the entire debt, to the satisfaction of the President and Directors of the Bank. To effect the object contemplated, it will be necessary that the concerns of the present Company should be wound up, for various reasons, which the Committee think unnecessary to give, as they would have to speak of the situation of individuals, and as it is understood the Stockholders have no objection to the arrangement proposed. In the event a new Company is formed, the Committee propose the indulgence before mentioned be extended to them upon certain conditions, more particularly set forth in the following Resolutions, which they recommend for the adoption of the Senate:

*Resolved*, That the Senate approve of the determination of the Bank to enforce the Judgment against the Nesbit Manufacturing Company, and bring the transaction to a conclusion.

*Resolved*, That should a new Company be formed and purchase the Nesbit Works, together with the appurtenances necessary to carry on the business, the President and Directors of the Bank be requested to loan the said Company the amount (including interest) now due by the Nesbit Manufacturing Company, for the term of ten years, upon the following conditions: Provided the Bank realizes the whole amount due by the said Company, by the sale of its property and its other securities. And provided further, that the new Company, to which the loan is granted, shall pay, on the first day of January in each year, for five years, the interest on the amount loaned, at the rate of seven per cent. per annum, and then pay the principal and interest in five equal annual instalments. And provided further, that the said new Company shall give such security as shall be approved by the President and Directors of the Bank.

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1846.

*Report of the Special Committee to which was referred a Resolution, instructing them to inquire into the particulars of the sale and transfer of the property of the Nesbit Manufacturing Company.*

The Special Committee, to which was referred a Resolution, instructing them to inquire into and report the particulars of the sale and transfer of the property of the Nesbit Manufacturing Company, or so much thereof

as they may think sufficient to satisfy the Senate that the debt due the State is secure, beg leave to report:

That they have discharged the duty imposed upon them, and that from the facts submitted to them, they are well satisfied the debt is abundantly secured.

It will be seen, by a reference to the Report of the Committee appointed to investigate the condition of the Bank, made to the Legislature in December last, that the Bank of the State of South Carolina bid off the greater part of the property belonging to the Company. This property consists of something over two hundred very valuable slaves, and some 8,000 acres of land, abounding in large beds and veins of excellent Iron Ores, with suitable mills, furnaces, and work shops for the manufacture of iron.

This property was bid off by the Bank, not for the purpose of carrying on the business, but for the purpose of re-selling it and paying the debt due to itself, which the Directors supposed they would be able to accomplish. Thus pursuing a policy at once safe, wise and forbearing towards its debtors; a policy which, in a peculiar manner, has always characterized this institution and endeared it to every dispassionate and reflecting friend of the institution.

The result has proved the wisdom of the course pursued. A sale of the property has been effected and is being carried out as fast as the nature of such a transaction can be done. The deeds and other papers necessary to the transfer to the purchasers, are in the hands of the Attorney General, and your Committee are assured, that the whole transaction will be finally adjusted in a short time. The property sold for the whole amount of the debt and interest due the Bank, upon a credit, prescribed by a Resolution of the Legislature, of ten years—the first five years the purchasers are to pay the interest annually, and the principal debt in the last five years, in five equal annual instalments. The debt to be secured by a mortgage of the property, with other property sufficiently ample to make the debt perfectly secure, or by personal indorsements or sureties, which shall be approved by the Board of Directors. Your Committee cannot, under all the circumstances attending this transaction, but approve of the course of the Bank, in purchasing and re-selling this property, convinced, as they are, that by so doing, it has, (at the same time saving itself,) saved many valuable and worthy citizens from heavy losses, and perhaps, in some instances, from ruin and insolvency.

Your Committee being well satisfied that every precaution has been taken by the Board of Directors to secure and to keep secure this debt to the Bank, would respectfully recommend that its future management be left in their hands for final adjustment and collection, upon the terms and conditions indicated by the Resolution of the Legislature, and the policy pursued by the Board in the sale effected by them.

All of which is respectfully submitted.

JOSEPH A. BLACK, Chairman.

(1846.)

*Report of the Special Committee, of the Senate of South Carolina, to which were referred several resolutions concerning the Bank of the State.*

## FIRST RESOLUTIONS.

Whereas, the President and Directors of the Bank of the State of South Carolina, in their annual report to the Legislature of November, 1843, state the sum of four hundred and seventy-three thousand five hundred and fifty-eight dollars and sixty-six cents (\$473,558 .66) to be lost in bad debts, by the said Bank, and have placed the same under the title of amount carried to profit and loss. Therefore,

*Resolved*, That the President of the said Bank report to this Senate, as soon as practicable, the names of all those persons by whom the said sum has been lost, specifying the amount and date of each loss, and the name of the person by whom lost.

*Resolved*, That the said President and Directors be, and they are hereby required, in their next and each succeeding annual report, to give a full and particular statement of every bad debt lost since January, 1843, by the said Bank, specifying the amount of the bad debt, the time when contracted and when lost, and the name of the person or persons by whom lost.

## SECOND RESOLUTIONS.

*Resolved*, That it is expedient and wise that this Legislature take steps to effect a total separation of Bank and State.

*Resolved*, That it is expedient and wise, that the Bank of the State of South Carolina be abolished, and its affairs wound up, as soon as the same can be done with a due regard to the rights and interests of the State, and indulgence to the debtors of the Bank.

*Resolved*, That the Comptroller of the State and the President of the said Bank be required to report to this Legislature, at its next session, a full and particular account of all the debts due the Bank and the Branches thereof, designating the good, doubtful and desperate, as well as the names of the debtors.

*Resolved*, That the Bank of the State of South Carolina be required, as soon as convenient and practicable, to call in all notes of a less denomination than five dollars, and be prohibited from issuing, hereafter, any note or bill of a less denomination than five dollars.

*Resolved*, The above Resolutions be sent to the House of Representatives for concurrence.

## THE SPECIAL COMMITTEE,

To which were referred the foregoing Resolutions, beg leave, respectfully, to report, that they have had the same in consideration, and present, herewith, the conclusions to which they have arrived, and the reasons therefor.

The Committee have taken both sets of Resolutions and compared them, and find that the measures which they contemplate, can be best considered and understood by classifying and bringing them into review in one programme.

For all practical purposes, these measures may be reduced to the following propositions.

1. To abolish the Bank of the State.

2. To publish the names of all parties whose debts are carried to profit and loss, whether principal, indorser or security.
3. To publish the names of all the debtors of the Bank.
4. To discontinue the issues of all bank notes, under the denomination of five dollars.

The three first of these propositions, although presented as separate measures, would, in the opinion of the committee, ultimately produce the same result, to wit, the destruction of the Bank—the first one differs from the second and third only in this respect, that it openly declares the end it aims at, which is to abolish the Bank, while the others, which would as certainly effect the same end, do not declare that such is their aim. But that such would be their operation, if adopted, can scarcely admit of the slightest question, as a moment's consideration on the subject will show.

The customers of banks, although embracing many shades of variety, may be reduced to three classes:—1. Those whose means and credit are very ample. 2. Those who are very needy and have indifferent credit, and 3. Those who are between these two extremes, a middle class of moderate means, safe business and good credit. It is very clear that the Bank which can get the custom of those of the first and third class may count on a safe and profitable employment of its capital—while the Bank that is driven to the necessity of taking its customers from the needy and indifferent credit, will run great hazards, probably sustain great losses, and will ultimately be ruined and broken. It is also well known that the greatest part of the transactions of a Bank are with mercantile men, and that to men of that class especially, as well as to all men of sensibility, nothing in business is more disagreeable than exposures of their transactions, and especially of their own debts or their liabilities for others. Credit is the honor and strength of the merchant, and is dear to every man of proper feelings, and no man who has means and good credit, will, if he can avoid it, put it in the power of another man, or of a Bank, to expose his name, his credit and his affairs, to be the subject of idle remark, of misconception or of wilful misrepresentation. If he wants Bank accommodations, and there are two or more Banks in his reach, one of which keeps his accounts from public exposure, and the other publishes and exposes them, he most certainly will borrow where his name and business are protected from the prurient curiosity of the gossiping idler and the misrepresentation of malicious rivals in business. What then would be the consequence to our Bank if we adopt these propositions, and require reports from the President and Directors specifying the names of its debtors, the amounts they owe, and how long they have owed them? The answer is clear; no private Bank pursues this false policy, and from the moment such a law is made, no man who has good credit and means, and can get his business done by another Bank, will come to ours. We shall lose all the customers we have whose custom is desirable—get no good ones in their places, but have only those whose need for money is so urgent that they will submit to any exposure to get it, and who, in many cases, will neither expect nor care to repay it. Your Bank will get the broken down and cast off refuse of other Banks, and will go down day by day until it sinks into ruin. Not only will it lose its good customers, but men of talent, character and property will be driven out of its direction, for they will not risk their standing or reputation in a concern which has so palpably the elements of self-destruction in it, and which must go down with dishonor to itself and disgrace to all



connected with it. Thus the Bank, bereft of good customers and good managers, is as effectually but more ruinously and disgracefully destroyed than if it were at once abolished.

But a difference is said to exist between one class of these debtors and the others, which authorizes the report and exposure of their names, to wit:—those who have failed to pay their debts and which have been carried to profit and loss. There is not, in reality and principle, the least difference. All men are subject to reverses—some become victims to the duplicity of others—some are ruined by providence—some by their own imprudence, and others may be dishonest and fraudulent. Will it be just to publish all, and put the victim of a fraud, and the fraudulent author of his ruin, on the same footing, and mete out to each this humiliation by way of punishment? It may be said that the cases may be discriminated and blame only be affixed to the culpable, while sympathy and commiseration only will be extended to the unfortunate. How are we to be assured that a just discrimination will or can be made? and who is to make it? It is next to impossible and is not to be expected. But even if it was, these exposures are as painful to the feelings of the unfortunate, as they are to the fraudulent and dishonest, and the pity of the world is almost as hard to be borne as its censure. Every merchant knowing the casualties of his business will avoid the Bank, which, if he prove unfortunate, will parade his name before the public; and add unmerited mortification to undeserved misfortune.

An argument has been pressed, with earnestness, in favor of publishing the names and accounts of this class of debtors, which has a seeming of reason in it, and may, therefore, claim some consideration.

It is said that these publications might, in some instances, lead to the discovery of property which would otherwise be concealed. The argument is more plausible than sound, and leads to conclusions seldom warranted by facts. It infers fraud and concealment on the part of these debtors, and recommends this mode of proceeding for its detection, exposure and punishment.

How far it is just to throw such imputations on *all* who fail to pay, needs no comment. In all times human pursuits have been subject to vicissitudes: all classes are made to feel them in their affairs; but mercantile men, who, from the very nature of their business, must deal most with Banks, are most exposed to such casualties, and they have never considered it otherwise than honorable, when one of their number has been overwhelmed by unavoidable reverses, that he shall be, upon surrendering all his property to his creditors, discharged from his debts, even if they are not paid in full; they allow him the opportunity of again trying his fortunes and becoming useful. This custom, so honorable to the heart, and, in many respects, so wise and useful, has become as much a law of commerce as if it were a Legislative enactment. It is not often that such transactions are tainted with fraud or disgraced by concealment of property. This usage, so long established amongst commercial men, has also extended to other classes, and is not often abused by dishonesty. In fact, very few cases would arise in practice where any discoveries would be made from the proposed publications, and if any should be made, they would prove very inadequate compensation for the injury done to the Bank in other and more vital respects. Every debtor would consider it a stigma cast upon his name, and all candid minds, coupling the reason for it with the publication itself, must admit that such an inference is irresistible. It con-

founds the innocent and unfortunate with the fraudulent and guilty, and holds them all up for the cold scrutiny of the world in one indiscriminate list, as seeking to make dishonest concealments of their property. The feelings of society have an inexpressible repugnance to such injustice, which reverses the gentle maxim of law, that it is better an hundred guilty should escape than one innocent man suffer, and would punish all, on the bare possibility of catching one guilty one in the throng. It would be held up in unfavorable contrast with the uniform usage of business-men, and the unvarying practice of all well managed and discreet private Banks. Its oldest and most uniform friends, looking on the measure as unnecessary, harsh and cruel, would enlist with its adversaries and bring to their aid a reinforcement of numbers and moral power that would soon enable its enemies to drag the institution down; nor could the good and virtuous say its destruction was undeserved, if those sound, just and wholesome principles of administration are abandoned by which it has heretofore prospered and been endeared to the affections of the people.

But there is even a higher ground on which these propositions must be condemned. The charter prohibits their adoption. The tenth section is in the following words:

SEC. 10. *And be it further enacted*, That the Legislature of the State shall be furnished with a general statement of the transactions of the Bank, signed by the Cashier, and countersigned by the President, as often as they may require the same, and it shall also be the duty of the Comptroller General to inspect such general account in the books of the Bank, as often as he may please, and it shall, and is hereby declared to be his duty, faithfully to report all and every violation of the fundamental rules of the corporation to the Legislature: *Provided*, however, that nothing in this clause shall imply a right of inspecting the account of any private individual or individuals, or any body politic or corporate, with the Bank.

No language can be more distinct than this proviso, "*nothing in this clause shall imply a right of inspecting the account of any individual*," &c. not even a right to *inspect*, much less to copy and publish. The second clause of the Act of 1843, contains precisely the same proviso and restrictions; (Act 1843, p. 262.) This charter is a compact between the State and the customers of the Bank, and to violate it would be unjust to them, not honorable to the State, and in the highest degree impolitic and injurious to the Bank.

For thirty-four years the State has stood firm in her good faith and resisted every effort to draw her into the violation of her fundamental compact. Even as late as the Act of 1843 she has repeated this promise, re-enacted this compact, and renewed the assurance of her adherence to its principles. The Senate at the last session, by the decided vote of 26 to 5, refused to violate this promise, and added another proof of its deep sense of the sacredness of this obligation.

Having shown that the propositions for reporting the names of the debtors of the Bank would result in its destruction, and would be equivalent in that view to the first proposition, which is to abolish it, the committee propose now to enter upon the naked question whether it is expedient and wise to abolish the Bank.

Speculative minds may, in their individual reveries, safely indulge in imaginary schemes of possible perfection in government; but statesmen charged

with the destinies of States must meet things as they actually exist. Theoretically, it might even be admitted that this State should have no Bank of her own, and yet the fact that she has chartered one; that it has long existed; that it has become interwoven with her own and the affairs of her citizens, and that she has with it, and through it, and on it, contracts and engagements of the highest obligation in honor, morals, and law, presents the question of its being continued, in a light so different from the original question of its charter, as practically to change the whole question of duty in regard to it. There are some who have always thought this Bank ought never to have been chartered, but many of these now, in view of actual circumstances, join the great majority who have always maintained that its creation was wise, to give it a fair chance to discharge its obligations. The proposition to abolish it is widely different, now, from the question of its charter in 1812. It may even be conceded for argument sake that it was wrong in 1812 to grant the charter, and yet, it would not prove, in the slightest degree, that it would now be right to abolish it. Since that day a long period of time has passed, and the State has made many arrangements at home and in Europe, in which she has so placed the Bank as to leave but little room to doubt where the path of duty leads us in the present inquiry.

This matter, involving as it does immense pecuniary consequences, implicates more than money, for it involves the good faith and honor of the State, both at home and in foreign countries. To these points the committee will advert presently.

In the mean time, the committee pause for a moment to see how the general interests of the State would be affected by abolishing this institution. However gently and kindly done, its first effect would be to unsettle and derange business and the value of property to a fearful extent. The collection of its debts would render innumerable law suits necessary. This would alarm other Banks and creditors, who also suspending accommodations, would in self-protection sue their debtors, who in turn would sue those indebted to them. A state of perfect distrust, alarm and disorganization would spread over the State. The Sheriffs would transfer, from under the hammer and at ruinous sacrifices, vast amounts of property. The industry of the country would be paralyzed, business interrupted, property depreciated, and distress and desolation be carried into the families of thousands. The only class who would find advantage in this condition of the people would be the monied speculators, who, buying property at half prices, would grow rich on the ruins of the unfortunate, while the losses on the debts to the Bank would be thus made many and heavy. Its next effect would be to throw the financial system of the State into confusion. The entire method of collecting, keeping and disbursing the revenues of the State would be changed. Before the Bank was created, the Treasury lost large sums by defaulting officers. Since the funds of the State have been deposited in and disbursed through the bank, more than \$13,000,000 have been received and paid for the State without costing or losing a cent. The public creditors would no longer have the regular and certain payments of their interest or principal, and the people of the State might count with almost perfect certainty that in addition to the losses and derangements which have been described, they would have to pay higher taxes, to discharge those portions of the public debt not yet due and which the Bank is to pay.

With this mere sketch, the committee pass to the consideration of what is even yet a more serious objection to the proposition for abolishing the Bank than any yet stated. It lies in the pledges of the State to her creditors.

These commenced in 1820, when she began to borrow money to prosecute her plans of internal improvement. At first she borrowed \$800,000, then \$200,000, then \$250,000, and then \$300,000, pledging the Bank and its profits for the payment. *All these loans the Bank has paid.* But it still stands pledged by solemn Acts of Legislation in 1838 and 1839 for the Fire Loan and the advance for the State's subscription to the Rail Road.

These amount now in round numbers to \$2,500,000. Until these debts are paid the State could not without the grossest breach of honor and faith, take the first step for abolishing the Bank. Her name would become a bye word and a reproach—her character tainted and lost. Of the Fire Loan nearly \$1,000,000 is due in Europe, borrowed there under the faith reposed in the pledges contained in the Act of June, 1838, which were enforced in the proposals of George McDuffie, the agent of the State, and finally consummated by the guaranty entered on each bond by the late President, Judge Colcock. The documents in the appendix show this. The State promised, in most solemn language in its several Acts, that this Bank and its profits should be the security for the payment of its creditors in these loans. How would she stand in the eyes of the world and of all honorable men if she withdraws that security, and destroys it? What people again would confide in her promises or trust in her honor? Who of her citizens but would blush for her? This subject was somewhat mooted in 1843, when the President of the Bank opened a correspondence with Gen. McDuffie, as agent of the Bank and the State, who negotiated the Fire Loan in Europe, with the minister of the United States, in London, the Hon. Edward Everett, and with the eminent Bankers, Baring, Brothers & Co., and C. J. Hambro & Sons. This correspondence has been submitted to the committee, and they deem it eminently worthy of the consideration of the Senate, and submit copies of the letters and documents as part of this report. By examining these papers it will be seen that all parties put the same construction on the character of the contract, and all concur in the opinion that such an act on the part of the State as abolishing the Bank, the security and guarantor for their stocks, would blight her character with deep disgrace and utterly destroy her credit and standing. This correspondence exhibits the most conclusive proofs that amidst the ruins of the credit of many of our sister States, that of South Carolina never was affected—that it stood at the highest point occupied by any State of the Union, and that the utmost confidence, amidst repudiation and failure, was reposed in the ancient and well established character of her people for integrity and good faith. This high character should not be lightly forfeited—for its value is not merely in the honorable distinction, but it may become, in the course of time and those eventful vicissitudes which often fall out in the affairs of nations and States, a resource of vital consequence to us or our posterity.

The committee will remark, in conclusion, that they look on the proposed measure, as repudiation in effect; and they do not see in its past history, nor in the aspect of the present time, any sound reason for abolishing the Bank, or for crippling it in the exertions which the State has required it to make. Has it neglected the duties or betrayed the confidence reposed

in it? Has it failed in performing any of [the engagements made for it? On the contrary it has faithfully maintained itself and the faith of the State in every emergency. Has it run the State into debt or caused an increase of taxes? So far from it, that it has from its profits paid \$592,000 into the Treasury prior to 1822, and has since paid for interest upwards of \$2,440,000, and for principal \$2,080,000 of the debt of the State. Has it oppressed or driven away the people of the State? It has done neither, but has supported them in difficulties and saved the property of many from grasping creditors, and themselves from exile and ruin. Has it neglected the agricultural or checked the commercial interests of the State? The negative to these questions is no-less emphatic. If it be destroyed, either by directly abolishing it, or by the more indirect but not less fatal plan of exposing its transactions, the State will lop off one of its greatest resources, and the people lose a refuge and protection which no other Bank will supply. The committee, therefore, recommend that none of the resolutions referred to them be passed, but that the following be adopted as the sense of the Senate.

1. *Resolved*, That it would be highly unwise and inexpedient to abolish the Bank of the State.

2. *Resolved*, That when the State of South Carolina pledged the profits and capital of the Bank to her creditors as a security for money borrowed, she did so in honesty of purpose and good faith.

3. *Resolved*, That the Bank of the State cannot be abolished directly, nor its business, stability and prosperity undermined by indirection, without a violation of good faith, and dishonor to the State, unless the holders of the Stock of the State, for which it is pledged as a security, be first paid, or their consent obtained therefor.

4. *Resolved*, That the exposure of the names and accounts of its debtors would be in bad faith to them—in violation of the charter, and would undermine its business, prosperity and stability, and be, therefore, against the interests of the State, and a violation of the most solemn pledges to the public creditors.

All of which is respectfully submitted,

JOSEPH A. BLACK, Chairman.

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*Appendix referred to by the Committee.*

*Confidential.*

PRESIDENT TO HAMBRO.

BANK OF THE STATE SO. CA. }  
 Charleston, Oct. 6th, 1843. }

C. J. HAMBRO & SON.

*Gentlemen* :—Will you allow me to ask your consideration and answers to the enquiries below. The idea of winding up our Bank is one sometimes indulged in by some of those who have a voice in our public councils; but it has not had, nor is it likely to obtain, a foothold sufficient to create any serious danger. The present moment is a propitious one for a calm consideration of all points connected with the Bank, and I am very desirous, if the opportunity offers, to be prepared with correct information, as

to the effect such a measure would be likely to produce on the Stocks of the State, and her character and credit abroad.

If you will do me the favour to recur to the volume of Laws, Reports, &c. concerning the Bank, which Mr. Herckenrath left with you, from page 41 to 46, you will find "An Act for re-building the City of Charleston," by borrowing \$2,000,000, to be loaned to its citizens. By the 1st clause, "the faith and funds of the State of South Carolina are solemnly pledged for the interest and principal of this loan." This Bank belongs exclusively to the State of South Carolina, with all its funds. The 10th and 12th (p. 45 and 6,) sections, require the Bank to pay the interest, and pledge its profits specifically, after paying other stocks charged on it, for the payment of this Loan. The Bank has, since the loan was made, paid off \$1,000,000 of the stocks which were charged on it, and is, therefore, so much the nearer being answerable only for the loan of 1838. It had also a sinking fund on the 1st of October inst. of \$641,120,64, which will be increased more than \$100,000, by the profits of this year. Under these circumstances, if the State were to decide on winding up this Bank, would its withdrawal and the discontinuance of the present mode of paying the interest on the stocks of the loan effected through Gen. McDuffie, with Messrs. Baring, Brothers & Co., be considered amongst your commercial men as lessening the credit and value of these stocks, or in any way altering or violating the contract with Messrs. Baring, Brothers & Co.? Would it impair the credit of South Carolina, or be considered a departure from her pledged faith? In what way would it affect her character or influence the stocks and credits of the other States?

I repeat to you, that I have not the remotest idea that such a measure will or can be adopted, and that my object in asking your opinion is, to give extension to correct opinions and principles, if an occasion arises for using your answer.

Very respectfully, &c.

(Signed)

F. H. ELMORE, President.

#### PRESIDENT TO HAMBRO.

BANK STATE OF SOUTH CAROLINA, }  
Charleston, 10th Nov., 1843. }

Messrs. C. J. HAMBRO & SON :

*Gentlemen*,—Referring to my letter of 6th October, duplicated above, I beg leave to say to you, that the Hon. J. H. Hammond, Governor of this State, has recently written to me, that he will recommend, by message to our Legislature, that this Bank shall be wound up and withdrawn in seven years, and its funds applied to pay the public debt. I repeat to you, with great confidence, that this measure cannot succeed; in my opinion, there is not the least chance for it. But still it may affect the credit of our stocks, and depress them greatly in your markets. I wish you to be prepared, in case such be the effect of his message, to purchase freely for us. If they fall to or below 90, you may buy £20,000; and if as low as 85, as much as £30,000. Should they fall to 80, as much as £40,000, making, however, a discrimination of 1 and 2 per cent. between the State Bonds and those of the L. C. and C. R. R. Company.

Very respectfully, &c.

(Signed)

F. H. ELMORE, Pres.

## HAMBRO TO PRESIDENT.

*Per Acadia.*

LONDON, 18th November, 1843.

*Franklin H. Elmore, Esq. Charleston, S. C.*

Dear Sir:—We have to acknowledge the receipt of your esteemed favor of 6th October, and have read its contents, and not without some anxiety.

You say that some of those who have a voice in your public councils, have at times, the question of winding up the State Bank. It is, indeed, sincerely to be desired that such statesmen may never obtain sufficient foothold to attempt such a step, the illegality whereof would only equal its bad policy. With regard to its illegality, no words are more simple and explicit than those we will here quote from the XI. and XII. Sections of the Act of June, 1838. "It shall be the duty of the President and Directors of the Bank of said State of South Carolina to cause to be opened in the Books of the said Bank, an account, in which they shall debit themselves with the profits, arising out of the additional capital, created out of the two millions loan, for the year ending on the 1st day of October, 1839, and with all the future profits of the said loan, as the same shall hereafter be annually declared; *which said fund, with its annual accumulations, shall be considered solemnly pledged and set apart for the payment of the interest on the said loan, and the final redemption thereof.*"

And furthermore, XII. "When the profits of the said Bank of the State of South Carolina shall have paid the interest of certain stocks, for which they have heretofore been pledged and set apart, *the said profits shall also be considered solemnly pledged and set apart for the payment of the interest on the said loan and the final redemption thereof.*"

Never did words read more plain. Any Bond holders who, on the strength of these declarations, invested their funds in the stocks, have, in our opinion, a full right to demand, that an institution like the State Bank, with its valuable rights and privileges, remain part and parcel of their security, and one of the sources whence the State is to derive a revenue for discharging its engagements. An institution with six hundred and fifty thousand dollars sinking fund, and realizing more than one hundred thousand dollars profits in a year, and which has solemnly declared duties and pledges resting on it, both for remittances of interest and capital, and which is suited to form a fund of reimbursement, cannot, at a moment's notice, be wound up, to suit the views and theories of any political party, without a most violent breach of covenant, sufficient, in our opinion, to cause the State to be sued for, in the Supreme Court of your land. A Bank like your State Bank, conducted with merely ordinary prudence and foresight, must and will ever be a source of revenue, and cannot, without a previous and most scrupulous discharge of all its engagements, ever be dissolved, like any private association.

Your stocks will materially sink in value, even though the security might be ample and sufficient without the additional guarantee of the Bank and its profits. Capitalists would consider the State had broken its solemn pledges; which would be the more to be regretted in a State that has supported, from its earliest settlement by its old families until this day, the highest name for honor and nobility of character. May we therefore never see this reputation tarnished by such a scheme; for just at the present time, every American and wellwisher of the American people must earnestly desire, that a State like South Carolina will not take such a step, to

raise anew the storm of invectives, only now beginning to subside, against the United States. To us it has been very pleasing to find, by the large orders coming to hand both here and from the continent for various State stocks, that an under current is, setting in again in favor of these investments, and this not for stock-jobbing purposes, but for Capitalists, who place the highest confidence in your national institutions, and who believe that Nations, and particularly those of late origin, may have to pass, like individuals in early years, through fever paroxysms; yet who also know, that in a body materially so sound in every regard, a return to a healthier state, will and must eventually take place. It is this opinion which keeps the value of all State stocks at their present rates; relapses like the measure you mention, would create new distrust and cause retrograde movements in all stocks.

We have as individuals given our private opinion, founded on our knowledge of the feeling in the chief market for the sale of American stocks.

To broach the contents of your letter to any one would be quite enough to create an alarm; we have therefore avoided consulting the opinions of others, the more so, as we hope with you that no such suicidal measures will ever be taken. If we have expressed ourselves warmly on the question, it is because we feel strongly on a subject which so vitally concerns a State wherein for many years we have been interested, and it is an interest we desire to entertain years to come. With the utmost regard, believe us, Dear Sir,

Yours very truly,

(Signed)

C. J. HAMBRO & SON,

PRESIDENT TO BARING, BROTHERS & CO.

BANK STATE SOUTH CAROLINA,  
Charleston, October 6, 1843.

*Messrs. Baring, Brothers & Co. London.*

Gentlemen:—I address you on a subject of great delicacy and importance, and in which you have, I presume, no little interest. I trust that you will consider my letter as strictly confidential, for reasons which will readily suggest themselves to you from what I shall say below. This Bank belongs exclusively to the State, and as such it is the constant subject of attention to the Legislature, and is more or less affected by political questions and the theories of many who suppose themselves qualified or called upon to propose plans of management or operations in regard to it. These have never seriously interfered with its prosperity; yet occasionally, from causes of general embarrassment and from the conflicting interests of private institutions and political causes, considerable impressions have been made on the public mind, which require to be watched and guarded against. There has always been a small, but highly respectable and intelligent party, who believe that the State ought not to have a Bank, and have at all times been ready to support a law to discontinue and wind it up. The various elements of opposition occasionally rally under the lead of this party, and thus present a more imposing appearance. Many arguments are used by them to affect public opinion, but heretofore they have had but



little success. It is said that something of the kind is again in agitation, and as while I say to you with the utmost confidence that there is not the least danger, in my opinion, of their success; yet I feel it my duty to be prepared, as far as possible, to place information before the Legislature on all points necessary to the proper consideration of the subject, if the movement should be attempted. In the result of such a measure, none out of South Carolina have a deeper interest than your house. You are the purchasers of a large portion of the Fire Loan for re-building the City of Charleston, under the Act of Assembly of June, 1838. Under that Act the faith and funds of the State (which include the Bank) were pledged to secure the punctual payment of the Bonds: the Bank was directed to make proper provisions for the punctual payment of the interest, "also for the ultimate payment of the principal thereof," and finally it was enacted that "when the profits of the said Bank of the State of South Carolina shall have paid the interest of certain stocks, and redeemed the said stock, for which they have heretofore been pledged and set apart, the said profits shall also be considered solemnly pledged and set apart for the payment of the interest on the said loan and the final redemption thereof." Since the passage of this Act and the negotiation of the loan with your House, this Bank has punctually discharged from its profits all interest chargeable on the stocks above referred to, and also paid off \$1,000,000 of the principal, which has been duly cancelled, and has now a surplus from said profits in a Sinking Fund ready to pay off the principal of the remaining stocks as they fall due. How far your determination to take a part of the Fire Loan was influenced by these collateral securities, is not known to me; but it is reasonable to suppose they had some weight. My object in this communication is to learn from yourselves whether such was the case, and also, whether in your opinion the discontinuance of the Bank, and consequent withdrawal of the arrangements made by and through it for the punctual payment of interest and ultimate redemption of principal, will affect the value of the stocks in the hands of the holders, or be considered in any degree as a departure from the contract, or impinging upon the good faith of the transaction. On the fidelity and strict honor with which all her arrangements are to be fulfilled, South Carolina has ever been most scrupulous, and it is with a view to be able to place before her Representatives, if occasion requires it, the most authentic evidence of the light in which such a measure would be viewed, as well as the effect it may have on her credit and character, whatever it may be, that I now ask your consideration and answer to the foregoing inquiries. Let there be no misapprehension between us. I therefore repeat, that I do not know that the measure I have adverted to is seriously entertained, or will be proposed, nor will it have the least chance of success, I believe, if it is proposed. Nor again, if it should succeed, do I believe there will be any lack of means or want of punctuality in meeting principal and interest.

From long and thorough knowledge, both of her means and the feelings and principles of her people, I am fully persuaded that her creditors would find her paying, to the day, all she owes.

If the occasion requires it, I trust you will give me your consent to use your replies at my discretion.

I am, gentlemen,

Very respectfully,

Your obedient servant,

F. H. ELMORE, President.

## PRESIDENT TO BARING, BROTHERS &amp; CO.

BANK STATE SOUTH CAROLINA, }  
 Charleston, November 11th, 1843. }

*Messrs. Baring, Brothers & Co. London.*

Gentlemen:—I wait on you with the above duplicate of mine of the 6th October last. Since then I have received (within a few days) a letter from His Excellency Governor Hammond, of this State, in which he informs me that he shall feel it his duty to recommend in his message to our Legislature that this Bank be wound up, and its funds applied to pay off the public debt in seven years. You will see that my anticipations have not been groundless. I repeat, however, what I said in my last as to my opinion of the fate of this proposition. I now renew to you my request that you will, as soon as possible, let me have your views of this measure. Our Legislature assembles on the 4th Monday of this month, and sits until about the 20th of December. Your reply will, I hope, reach me in time to have its full weight upon their determinations. Pray direct your letter to me at Columbia, South Carolina, where the Legislature holds its sessions.

At the same time I wrote to you I addressed a letter to the American Minister, the Hon. Edward Everett, making similar enquiries of him. In sending that letter there was a small matter neglected, which I did not know of until afterwards, viz: to provide for the payment of the postage in England. If you do me the favor to apologize for this negligence, and to pay it, I will be obliged to you; charge it to our account. You may also, if you deem it of sufficient consequence and worth while, confer with Mr. Everett on this subject. His opinions will have no little weight with us.

With great respect,

Your obedient servant,  
 F. H. ELMORE, President.

(Signed)

## BARING, BROTHERS &amp; CO. TO PRESIDENT.

*To F. H. Elmore, Esq. President*

*of the Bank of the State of South Carolina, Charleston, S. C.*

LONDON, 4th December, 1846.

Sir,—We have the honor to acknowledge the receipt of your two letters of the 6th October and 11th November, with the inquiry, in what light an Act of the Legislature of South Carolina would be viewed by the foreign holders of the Bonds issued by the State for the purpose of re-building the City of Charleston, the result of which Act would be the liquidation and abolition of her Bank over which you preside, and to what extent that Act would interfere with the spirit and conditions of the contract and agreement made for the negotiation of these Bonds. In the first place, we would remark, that from the general distrust which has, for some time past, existed in Europe with regard to the securities of the United States, any change would excite suspicion, and by interfering with a previous understanding, unsettle the minds of the Bond-holders, and shake the confidence which has hitherto existed in the engagements of the State of South Carolina. Almost the whole amount of the Bonds sold here, have passed from our hands into the possession of numbers of individuals, and are thus

scattered over England and the Continent, and it has been a source of gratification to us, that from a general reliance on the good faith of South Carolina, and from the confidence which we ourselves evinced in not forcing sales, the stock of that State was saved, in a great measure, from that depreciation to which the securities of so many other States have been exposed. We confess that we should much regret, if, now that public opinion is returning to a belief in the honest resolution and ultimate ability of all the States to meet their engagements, anything should occur to call in question, in the slightest degree, the stability of the policy of your State. For ourselves, we are too intimately acquainted with the high and honorable character of the citizens of your commonwealth, to entertain a moment's doubt, that whatever measures may be proposed or adopted, the interest on its debt could be jeopardized; but we rather fear, that the act to which you allude, might have a contrary effect on the minds of some of the Bondholders. Nor would it be altogether without some foundation. For the best illustration of our views, we take the liberty of transmitting to you herewith a copy of the pamphlet which was distributed at the time of the negotiation of the Loan, containing copies of all the documents respecting it, accompanied by some prefatory remarks of General McDuffie at the time, and we have marked some of the passages, which show, that not only is the Bank so much mixed up as the fiscal agent of the Government, as to be, with difficulty, separated from the operation, but it appears, evidently, as a collateral security with its guarantee, and pledges its profits towards the payment of interest and principal. There can, therefore, be no doubt in our minds that the removal of the Bank of South Carolina would be a departure from the original contract, which we should deplore as an impolitic injury to the value of the Bonds and to the credit of the State. Of course, if our opinion is worthy of any consideration, we cannot object to your representing it in the proper quarters, and we have the honor to subscribe ourselves with great respect,

Sir, your most ob't. servants,

(Signed)

BARING, BROTHERS & CO.

PRESIDENT TO HON. EDWARD EVERETT.

BANK STATE SOUTH CAROLINA, }  
Charleston, October —, 1843. }

To the Hon. EDWARD EVERETT, London:

Sir,—I trust you will excuse the liberty I take in addressing you on the subject of this letter, when you take into consideration that it is one of public moment to the State of South Carolina. In 1812, this State chartered a Bank, of which she is the sole owner. From 1819 to 1830 she was engaged in improving the roads and rivers, and expending several millions of dollars on these objects. To carry on her improvements, she borrowed considerable sums, and besides pledging the faith of the State for repaying them, she also pledged the profits and capital of the Bank. In 1838, a large portion of Charleston was burned down, and the State borrowed, \$2,000 000, which was to be loaned to the citizens to aid them to re-build it. A million of this loan was taken in England and is redeemable in 1858 and 1868. For the interest and repayment of this loan, she pledged her "faith

and funds," of which this bank is a part, directed this Bank "to make proper provisions for the punctual payment of the interest, and also for the ultimate payment of the principal thereof," and then follows this clause.— "When the profits of the said Bank of the State of South Carolina shall have paid the interest of certain stocks and redeemed the said stocks, for which they have heretofore been pledged and set apart, the said profits shall also be considered solemnly pledged and set apart for the payment of the interest of the said loan and the final redemption thereof." The profits of the Bank have, since 1820, (when the first loan was made) been set apart in a sinking fund. From this fund all interest of the public debt has been punctually paid, and \$1,000,000 of the principal (in 1840 and 1842) been extinguished since the loan of June, 1838. There is now about \$750,000 of that fund in hand to meet the loans which are prior in lien to that of 1838, being more than one half of all that the State owes, exclusive of the loan of 1838, and there is no reason to doubt that the profits of the Bank will, by 1852, when the last of these falls due, have paid off every amount chargeable upon the Bank, except this loan of 1838, for re-building Charleston.

An idea has been suggested which induces me to address this statement to you, and to ask your opinion of the effect of the measure if adopted. It is that the State shall abolish this Bank and withdraw all her funds from Banking operations. In the relation which the Bank bears to the loan made in England, it is very desirable to know what effect such a measure might produce on the value of these stocks held under this loan by foreigners, and how far it might be considered a departure from the terms of the agreement. Would you, Sir, have any objection to give me your opinion on the subject, so that if such a proposition should be made, I may be prepared with proper information? This State cannot be induced to take any step which would be considered as a breach of faith, or which, in the present unsettled condition of American credit, might bring a new charge against the honor and integrity of the State. If any inference unfavourable to her character and credit would follow the adoption of such a measure, she will never think of its adoption. Prepared at all times, faithfully to fulfil her engagements, the reproach of a breach of faith she will never willingly and knowingly incur, nor if the measure would lessen the value of the stocks owned by those who have bought them, relying on these collateral as real securities, will she entertain the idea after being informed of the effect. Your position and standing will give great value and influence to your opinion on this subject, and I trust, Sir, you will not consider me as impertinent in asking it. This communication I would desire you would consider as confidential at present, because it might, if known, create an impression that there was some immediate prospect of such a measure being carried into effect, when the fact is, that I do not apprehend that it could succeed, if attempted, nor am I at all certain that it will be proposed even.

With great respect and consideration,

I have the honor to be

Your obedient servant

(Signed)

F. H. ELMORE, Pres. B. S. S. C.

## HON. EDWARD EVERETT TO PRESIDENT.

*London, 29th November, 1843.*

*Sir*.—I duly received by the last steamer your favor of October (without date of day) in which you request my opinion, how for the abolition of the Bank of South Carolina and withdrawal of the funds of the State from Banking operations, might affect the value of the stock of the South Carolina State loan, and might be considered as a departure from the terms of the agreement. It would be impossible for me to form any safe opinion on the latter point without having the terms of agreement before me; but as to the general question I think it nearly certain that the first effect of the measure would be a serious shock to the value of the bonds. If the State of South Carolina, as I am sure would be the case, should, in abolishing the Bank, substitute some other security equally substantial and available, and continue to cause the interest on her loan to be promptly paid, any such shock would be but temporary, but while it lasted, the State would suffer reproach, and individuals in the alarm of the moment would be apt to make sacrifices. I need not add that there is a very great sensitiveness on the subject of American State Stock in this country. The credit of the stocks of South Carolina is, I believe, equal to that of any State in the Union, and I am confident that nothing will knowingly be done to impair it for a day.

I am, Sir, with great respect,

Your obedient servant,

(Signed)

EDWARD EVERETT.

## PRESIDENT TO HON. GEORGE McDUFFIE.

BANK STATE SOUTH CAROLINA, }  
*Charleston, 10th Nov., 1843.* }

Hon. GEORGE McDUFFIE:

*My Dear Sir*.—Gov. Hammond has just notified me, that he shall feel it incumbent upon him to recommend, in his Message to the Legislature, that the Bank of the State be taken to pay the public debt in seven years. This will be by the 1st January, 1851. The Fire Loan negotiated by you with the Messrs. Baring, Brothers & Co. will fall due in 1858 and 1868. By the several sections of that Act, numbered 1, 10, 11 and 12, at pages 43 and 48 of the accompanying copy of the compilation of the laws, &c. relating to the Bank of the State of South Carolina, which I send herewith, you will see the various pledges of the faith of the State and of the profits of this Bank "for the punctual payment of the interest," and "for the ultimate payment of the principal" of that loan. The proposed recommendation of Gov. Hammond, if carried out, will annihilate the principal, and, of course, prevent any profits.

I am directed by the Board to procure all such information as may be needed to set the proposed measure in a proper light, and it has been deemed highly important that I should address you, as the agent by whom the loan was negotiated with Messrs. Baring, Brothers & Co., on the several points stated in the enquiries below.

1st. Was any value attached by Messrs. Baring, Brothers & Co. to the

pledge of the profit of the Bank and the security offered by these several clauses, for either the "punctual payment of the interest" or "for the final redemption of the principal?"

2d. Did you in your several negotiations yourself lay any stress or hold these pledges as giving any higher value to our Bonds?

3rd. Did the fact that a corporation was liable to be sued, which a State was not, and that in addition to the usual pledges of the faith of a State, there was, on our Bonds, the liability of our Bank, give to our Bonds an advantage over other State Bonds in the Market?

4th. Do you suppose, that the withdrawal by the State, of the funds pledged, and the winding up of the Bank, as suggested, would be considered as any infringement of the contract or condition of the loan, or as inconsistent with the faith pledged in the Act of 1838?

5th. Do you suppose such a measure would lessen the value of these stocks in the hands of the holders in Europe?

6th. What effect do you suppose it would have on the character or credit of South Carolina?

I am, dear Sir,

Respectfully, &c. &c.

(Signed)

F. H. ELMORE.

#### HON. GEORGE McDUFFIE TO PRESIDENT.

*Charleston, 30th, Nov., 1843.*

*Dear Sir* :—It did not occur to me, that you would probably be in Columbia as I passed through this place, and I therefore omitted to answer your letter of the 10th inst., anticipating an interview with you here. In answer to your 1st inquiry, I can say that very great value was attached by Messrs. Baring, Brothers & Co. to the pledge of the profits of the Bank, and also to the agency of such an institution in paying the interest, believing that it would insure more certainty and promptitude than any other description of agency. This was urged by me and admitted by them.

2d. I have already answered this.

3d. The responsibility of the Bank, not only to the law, but to public opinion, so essential to its success, had much weight in estimating the value of the Bonds.

4th. From my answer to the foregoing interrogatories, it is obvious that I can answer this only in the affirmative.

5th. I answer this also in the affirmative.

6th. It would certainly impair our credit; for the Bankers of Europe, judging us by our associates, believe the people will not vote for heavy taxation to pay the State debts, but would be quite willing that the profits of the Bank should be applied to that object.

Very respectfully yours,

(Signed)

GEORGE McDUFFIE.

## HAMBRO &amp; SON TO PRESIDENT.

*London, 4th December, 1843.*

FRANKLIN H. ELMORE, Esq. President B. S. S. C., Charleston.

*Dear Sir,*—In our letter of 18th November, of which we give you a copy herewith, we had the honor to give you our candid views upon the important question of winding up the affairs of your institution, and we now learn, by the receipt of your regarded favour of the 10th November, that such a measure has actually been recommended to your Legislature, by the Hon. J. H. Hammond, Governor of the State. Although, as you confidently express, this proposal cannot meet with success, it may effect the value of your securities. We are therefore prepared, should such take place, to operate upon your order, to purchase up to £20,000 at 90c.; £30,000 at 85c. and to £40,000 if at 80c. or lower, making a difference of 1 to 2 per cent. between the State Bonds and those of the L. C. and C. R. R. Co. The proposed measure of the Government not being known here as yet, these securities maintain their former high position of 93 to 94 per cent. Even at such prices, it is a rarity to meet with any of the stocks in the market. You may rely upon our watching the market closely, and availing of the first opening for operating for the interest of the Bank. We address you, as usual, in a separate letter to the Bank, upon the running transactions, and have the honor to be, with sincere esteem,

Dear Sir,

Your obedient servants,

(Signed)

HAMBRO &amp; SON.

## COPY OF MR. McDUFFIE'S PUBLICATION IN LONDON.

And transmitted by Messrs. Baring, Brothers & Co. with their letter of December, 4th, 1843, to show that the guaranty of the Bank and the pledge of its profits were strong inducements to make the Loan.

The State of South Carolina has issued bonds to the amount of four hundred and fifty thousand pounds sterling, bearing an interest of five per cent. payable semi-annually in London, and redeemable also in London, one half in 1858 and the other in 1868. These bonds were issued under an Act of the Legislature, entitled "*An Act for rebuilding the City of Charleston*," which directs that they be sold, and the money realized from the sale, advanced, upon terms which will hereafter be stated, to such of the citizens of Charleston as may desire such aid in re-constructing the buildings destroyed by the late disastrous fire.

This act of munificent liberality on the part of the Legislature was prompted, not only by the obvious considerations of an enlightened patriotism, but by the more especial motive of sustaining the public-spirited citizens of Charleston in the enterprize now in successful progress, of establishing a *direct* import and export trade with Europe; an enterprize of scarcely less consequence to the manufacturers and merchants of Great Britain, than to the cotton planters and merchants of those American States which produce the great staple of the commerce between the two countries and the medium of their exchanges. Three-fourths of the whole

exports of the United States, and a much larger proportion of their exports to Great Britain, are of the growth and produce of the States in question; and as Charleston, with her rapidly extending communications with the West, is the natural emporium of a large portion of the immense commerce, of which cotton is the basis, the speedy re-construction of her smouldering edifices can scarcely be a matter of indifference to either of the parties connected with it. Such being the object of the loan now proposed to be effected, the nature of the security offered will be next briefly explained, and it is believed, that no American securities ever introduced into this market, have higher claims to public confidence than the bonds in question. They are signed by the Governor, in conformity to the law, which expressly and directly pledges "the faith and funds of the State" for the punctual payment of the interest as it shall fall due, and the ultimate payment of the principal. This general pledge of the funds of the State, includes, of course, its entire revenue, and all the resources of taxation which belong to it as a sovereign community; and when the fact is stated, that its annual export is ten millions of dollars, principally of cotton to Great Britain, not only the superabundance of its means are made manifest, but their peculiar fitness to meet with punctuality its European engagements in every conceivable emergency of commerce or derangement of the exchanges. Even should the Banks of the United States again stop payment and their currency become utterly disordered; the State would not experience the slightest embarrassment in the punctual fulfilment of its engagements. For Cotton is a Bill of Exchange which will never be protested in Great Britain, and South Carolina would have, in the annual crop of a single citizen, the means of discharging the periodical interest upon her whole debt.

But the Legislature, in order to "make assurance doubly sure," has provided, that in addition to the general pledge of the faith and resources of the State, particular funds shall be specifically appropriated, and "solemnly pledged and set apart," to secure the punctual payment of the interest and principal of this Loan. As this fund will partly consist of the profits, which shall accrue from the two millions now to be borrowed, the mode in which it is to be used will be stated. It is to be deposited in the "Bank of the State of South Carolina," as so much capital to be employed by that Bank, acting as the fiscal agent of the State, in accomplishing the object of the loan. For this purpose, the "President and Directors" are directed to advance to the owners of lots, on which the houses were destroyed by fire, in the first instance, one-half of the assessed value of these lots *unimproved*, taking bonds with a mortgage on the premises, conditioned that the sum advanced shall be repaid in ten annual instalments, the first in three years from the date of the bonds, and that a rate of interest sufficient to cover that paid by the State, shall be paid annually from the date of the advance. On being certified of the faithful application of this first advance to the construction of *incombustible* buildings (which the law requires in future,) the Bank is to advance another equal sum on the same conditions, and finally, if so much be necessary, another equal sum upon the faithful application of the two first, the parties having the premises insured, and the policy deposited with the Bank for its security. On the failure of the parties to pay the interest or principal punctually, the Bank is authorized to foreclose the mortgage, and sell the premises for cash, in a summary manner. The President and Directors of the Bank are required



to keep a separate account of the accumulating profits, which shall arise from the use of the two millions, including the annual interest received from the lot owners, and these are "solemnly pledged and set apart" by the law for "the punctual payment of the interest and principal of this loan."

The whole existing debt of the State is *nominally* one million seven hundred thousand dollars; but as one-half is redeemable in 1840, and funds are actually provided in the treasury to pay it, the *real* debt of the State is only eight hundred and fifty thousand dollars. And the law provides, that when this shall be discharged, the whole of the profits which may be derived from the capital of one million one hundred and fifty thousand dollars, which the State now has in the Bank, as well as those arising from the two millions, shall be solemnly pledged and set apart to pay this loan. It is thus apparent, that the funds specifically pledged and appropriated, are amply sufficient to ensure its punctual payment, independent of the general revenue of the State. For, after three years, one-tenth of the principal sum of two millions will annually return to the Bank, so that in thirteen years the whole will be there, yielding a profit to the State, and ready to discharge the whole loan, seven years before the first half of it will be redeemable.

But the Legislature has not only provided the most abundant and available *means* for meeting its engagements, but a fiscal *agency*, eminently adapted to ensure the most perfect punctuality. The payment of the interest and principal of this loan is guaranteed by the Bank of the State of South Carolina, an institution of as high character as any in the United States. The importance of the agency of such an institution, connected as it is, with all the operations of trade, and depending on the punctual discharge of its engagements, for that public confidence upon which its prosperity essentially depends, will be fully appreciated by all who are practically acquainted with the inseparableness of the connection between Bank credit and Bank punctuality.

I will here remark, what I omitted in its proper place, that I did not include as part of the State debt, the bonds of the "Louisville, Cincinnati and Charleston Rail Road Company," the payment of which is guaranteed by the State, and which, to the amount of one million of dollars, have been recently negotiated in this market. I did not include these bonds among the debts of the State, because the responsibility of the State will be converted into an actual debt, only when the Company fails to pay the interest and principal of its bonds punctually—a failure which, from my knowledge of the Company and the high character of those who conduct its affairs, I am confident will never occur.

I will here remark in conclusion, that the City of Charleston, by an Ordinance of its Council, stands bound to indemnify the State against any losses it may sustain, by the failure of those who receive advances for rebuilding, to comply with their engagements.

GEORGE McDUFFIE

## CLAUSES

*Of the "Act for re-building the City of Charleston," referred to by Baring, Brothers & Co.*

Section XI. It shall be the duty of the President and Directors of the Bank of the State of South Carolina, to cause to be opened in the books of the said Bank, an account, in which they shall debit themselves with the profits arising out of the additional capital created out of the two millions Loan aforesaid, for the year ending on the first day of October, in the year of our Lord, one thousand eight hundred and thirty-nine, and with all the future profits of the said Loan, as the same shall hereafter be annually declared, which said fund, with its accumulations, shall be considered solemnly pledged and set apart for the payment of the interest on the said Loan, and the final redemption thereof, and it shall be the duty of the President and Directors of the said Bank, annually to report to both branches of the Legislature the exact state of that fund.

Section XII. When the profits of the said Bank of the State of South Carolina shall have paid the interest of certain stocks, for which they have heretofore been pledged and set apart, the said profits shall also be considered solemnly pledged and set apart for the payment of the interest on the said Loan, and the final redemption thereof.

## THE STATE OF SOUTH CAROLINA.

*By his Excellency P. M. BUTLER, Governor and Commander-in-Chief in and over the State aforesaid.*

To all to whom these presents shall come, Know ye, That I do hereby constitute and appoint George M'Duffie, the Agent of the State of South Carolina, to effect the Loan of Two Million Dollars, authorized by an Act of the Assembly of said State, whereof a copy is annexed, and that I do empower him to fill any blanks in the Bonds and Coupons which I have caused to be prepared on the part of the State, and do bind the said State to be responsible for all acts of the said George M'Duffie, done in virtue of this his appointment as the Agent aforesaid. Therefore, all due faith, credit, and authority is, and ought to be, had and given to his proceedings and certificates as such.

In Testimony whereof, I have hereunto set my hand, and caused to be affixed the seal of State, in the City of Columbia, the second day of August, in the year of our Lord, one thousand eight hundred and thirty-eight, and in the sixty-third year of the Independence of the United States of America.

By the Governor,

B. H. SAXON,  
*Secretary of State.*

P. M. BUTLER.

(COPY.)

Know all men by these Presents, That I, Charles Jones Colcock, President of the Bank of the State of South Carolina, have made, constituted, and appointed, and by these presents do make, constitute, and appoint, the Honorable George M'Duffie, of the same place, my true and lawful Attorney, for me, and in my name. place and stead, to fill up all blanks which may be found in the Bonds, Warrants for interest, commonly called Coupons, or in the guarantee written on the back of said Bonds, which are issued under the authority of an Act of the Legislature of the State of South Carolina, bearing date the first day of June, one thousand eight hundred and thirty-eight, and of the Independence of the United States of America, the sixty-second, for obtaining a Loan of Two Millions of Dollars for Re-building the City of Charleston; giving and granting unto my said Attorney, full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes, as I might or could do if personally present, with full power of substitution and revocation; hereby ratifying and confirming all that my said Attorney, or his substitute, shall lawfully do, or cause to be done, by virtue hereof.

In Witness whereof, I have hereunto set my hand and seal, the twenty-fourth day of August, in the year of our Lord, one thousand eight hundred and thirty-eight.

(Signed)

C. J. COLCOCK,



Sealed and delivered in the presence of

DAVID MAITLAND.

(COPY OF BOND.)

UNITED STATES OF AMERICA.

STATE OF SOUTH CAROLINA.

£1000 }  
or } Stg.  
£500 }

*Loan under an Act for re-building the  
City of Charleston.*

£1000 }  
or } Stg.  
£500 }

FIVE PER CENT. STOCK.

No.

a.

By his Excellency PIERCE M. BUTLER, Governor and Commander-in-Chief in and over the said State: Be it known, that there is due from the State of South Carolina, to the President and Directors of the Bank of the State of South Carolina,

*One Thousand Pounds*

or

*(Five Hundred Pounds)*

sterling lawful money of Great Britain, which

sum of money the said State promises to pay the said President and Directors of the Bank of the State of South Carolina, or to their Assigns in

LONDON, on the surrender of this Certificate, on the first day of July, in the year of our Lord

*one thousand eight hundred and sixty-eight,*

or


with interest thereon, at the

*(one thousand eight hundred and fifty-eight,)*

rate of Five per cent. per annum, payable semi-annually, from the date hereof, as it becomes due, on presenting the several Warrants hereunto annexed, at the Banking House of **BARING, BROTHERS & Co.** in *London*.

In Witness whereof, I have hereunto set my hand, and caused the seal of the State to be affixed, at Columbia, the first day of July, in the year of our Lord, one thousand eight hundred and thirty-eight, and in the sixty-second year of the Independence of the United States.

**PIERCE M. BUTLER,**  
*Governor.*

{  Countersigned by  
**WM. ED. HAYNE,** *Comptroller General.*

(COPY OF COUPON.)

### **SOUTH CAROLINA STATE STOCK.**

Under an Act ratified 1st June, 1838.

**BARING, BROTHERS & Co.** *London.*

Pay to Bearer, on the 1st July, 1839, *Twenty-five Pounds* } ster-  
or *Twelve Pounds Ten Shillings* } ling.

being a-half year's Interest on Bond No.

for £1000

or

£500

} Stl'g.

£25, or

£12 10s

} Stlg.

**C. M. FURMAN,**

*Cashier of Bank of State of South Carolina.*

(COPY OF ENDORSEMENT ON WITHIN BOND.)

IN pursuance and by authority of an Act of the Legislature of the State of South Carolina, ratified on the first day of June, one thousand eight hundred and thirty-eight—

The President and Directors of the Bank of the State of South Carolina, with a capital of three million one hundred and fifty thousand dollars (including the present Loan) for value received, assign and transfer the within Bond to or bearer, and hereby guarantee the punctual payment of the principal and interest of the said Bond, as it becomes due, at the place specified within.

**C. J. COLCOCK,**  
*President of the Bank of the State of South Carolina.*

# REPORTS

OF THE

## COMPTROLLER GENERAL.

EXTRACTS THEREFROM, OF SO MUCH AS RELATES TO THE BANK.

(1813.)

In obedience to the Acts of the Legislature, establishing the Bank of the State of South Carolina, the Treasurer of the Lower Division, under the sanction of a warrant for that purpose, did on the 14th day of January, 1813, pay to the order of Stephen Elliott, Esq., President of that Bank, the sum of thirty thousand dollars, and has since deposited all monies received by him in the coffers of that Bank. The Treasurer of the Upper Division has likewise made a deposit of twenty-one thousand three hundred dollars. The Branch not having been established at Columbia, he was required by this department to retain in the Treasury a sufficient sum to meet the probable demands upon that office.

Under the authority of a Resolution of your honorable House, of 24th of September last, application was made to the President and Directors of the Bank of the State of South Carolina, to ascertain whether a loan could be had of them, for the State, of one hundred and thirty-four thousand dollars, to enable the State to assume and pay the direct tax imposed by the United States. It will appear by a copy of the Resolution of that Bank accompanying this Report, marked A., that they have consented to make such loan.—T. LEE, *Compt. Gen.—Reports and Resolutions*, p. 86.

(1814.)

The Comptroller General further reports, that since the last meeting of the Legislature there has been paid to the Bank of the State of South-Carolina, on account of capital, the sum of \$62,876 81, and in full of the loan negotiated with them, to meet the direct tax, the sum of \$132,993 24; and that he caused to be paid to the Treasurer of the United States, in full of this State's quota, as will appear by his receipt, accompanying this report, the sum of \$129,119 66.

The Comptroller General further reports, that the Bank of the State of South-Carolina has paid over to the two offices of the Treasury, for the profits arising from their banking establishment, for the last two years, the sum of \$3,325 20.—T. LEE, *Comp. Gen.—R. & R.*, p. 77.

(1815.)

The Bank of the State of South Carolina has been repaid the sum borrowed of them, with interest, amounting to \$265,111 22.\*—T. LEE, *Comp. R. & R.*, p. 100.

(1816.)

The Comptroller General further reports, that the Bank of the State of South Carolina, since the close of the fiscal year, viz., in October last, paid into the lower treasury, for the profits of the last year, the sum of \$63,022 69. That the Bank has received from the Treasury, on account of capital since 1st October last, the sum of \$100,246 22. That in obedience to the Act of your honorable House, of the last session, he caused this State's quota of the direct tax, amounting to \$129,119 66, to be passed to the credit of the Treasury of the United States, and received from that officer a discharge therefor.

The Bank of the State of South Carolina, with whom the loan was negotiated, has been paid the same with interest, amounting to \$130,849 86. T. LEE, *C. G.—R. & R.*, p. 109.

(1817.)

That the Bank of the State of South Carolina has received from the treasury, between the last day of September, 1816, and the first day of October, 1817, the sum of one hundred and twelve thousand five hundred and thirteen dollars and fifty-six cents, on account of capital; and has paid to the Treasury, since the 1st of October last, the sum of seventy-six thousand five hundred and seven dollars and ninety-one cents, as profit.—R. CRENSWELL, *C. G.—R. & R.*, p. 85.

(1818.)

No. 5, is a report of the funded debt of this State made by the Treasurer of the Lower Division, by which it will appear that the Bank of the State of South Carolina, on the first day of January last, called in, for redemption, the deferred stock, amounting to thirty-six thousand six hundred and sixty-six dollars and fifty-four cents. Also, on the 1st of July last called in for redemption, the six per cent. stock, amounting to one hundred and forty-three thousand eight hundred and ninety-seven dollars and sixteen cents.

There now remains outstanding the three per cent stock, amounting to two hundred and fifty-nine thousand three hundred and thirty-two dollars and ninety-nine cents.

\*To pay direct tax of South Carolina to United States.

No. 14, is the report of the Treasurer of the Lower Division, by which it will appear that the Bank of the State of South Carolina passed to the credit of the Treasury, the sum of one hundred and five thousand eight hundred and thirty-eight dollars and seven cents, as the profits of the Bank for the last fiscal year, ending the last day of September last.

That during the last fiscal year, the Bank of the State of South Carolina received from the Treasury of the Lower Division, the sum of three hundred and twenty-eight thousand sixty-seven dollars and two cents, as capital.—R. CRESWELL, *C. G.—R. & R.*, pp. 78 & 79.

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(1819.)

No. 5, is a report from the Treasurer of the Lower Division, that on the 8th of October last there was passed to the credit of the State Treasury, by the Bank of the State of South Carolina, the sum of one hundred and seven thousand five hundred and ninety-three dollars and ninety-five cents, (\$107,593 95), as the profit of said Bank for the last fiscal year.

The Comptroller General also reports, that the Bank of the State of South Carolina has received from the Treasury of the Lower Division, during the last fiscal year, the sum of one hundred and seventy-one thousand five hundred and thirteen dollars and ten cents, as capital.—J. S. COGDILL, *C. G.—R. & R.* pp. 60 & 62.

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(1820.)

No. 5, is a Report from the Treasurer of the Lower Division, that on the 11th day of October, 1820, there was passed to the credit of the State Treasury, by the Bank of the State of South Carolina, the sum of one hundred thousand two hundred and eighty-seven dollars and thirty-seven cents, (\$100,287 37), as the profits of said Bank for the last fiscal year.—J. S. COGDILL, *C. G.—R. & R.*, p. 57.

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(1821.)

No. 16, is a report of the profits of the Bank of the State of South Carolina, for the last fiscal year, amounting to \$86,525 38.—T. LEE, *C. G.—R. & R.*, p. 56.

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(1822.)

The Bank of the State forms one of the most interesting and important objects within the circle of duties ascribed to this department. Whilst the principles of banking appear to me to be too plain to be misunderstood, there is a question, and it appears to be the only one, which should determine the legislature upon this subject: Can the State, through its agents, bank with as much safety as companies of individuals? And this question

should be determined alone by the guards against corruption and mismanagement, which the Legislature may be able to place on their agents. If it is to be considered a dangerous experiment on the part of the State, she has already embarked too much and gone too far, and should return to a state of safety as soon as possible; but if on the contrary she can carry on the business of banking with as little risk as private companies, I confidently believe she has not gone far enough.

With a view to our permanent revenue, this topic is of the greatest interest to the state, and the present session is the time at which it should receive your earnest attention. Whilst I unhesitatingly give it as my opinion that the State may bank, with as much safety and profit as companies, I feel it a duty to say that the Legislature cannot use too much caution in placing proper guards upon her agents, and too much vigilance in preventing fraud and mismanagement, and that I believe the security may and ought to be increased by a legislative provision.

Permit me to suggest the expediency of making each of the Directors ineligible to a seat on the Board one year in every three or four.

If the Legislature consider the Bank as a permanent source of revenue, and are satisfied that the securities are or can be made adequate to its safe and judicious management, I can see no stop which should be put to its progress, but that which expediency may require, in limiting the quantity of circulating medium, until it may yield a revenue equal to the exigencies of our government.

If the State can command the means of doing all the banking business necessary to its own prosperity, in addition to the revenue produced, another object more desirable will be partially if not completely obtained. It will keep within itself, instead of presenting it to companies, the power of regulating the quantity of circulating medium, according to the exigencies which the changes of prosperity or adversity may bring upon the country. Having once granted charters to companies, the Legislature cannot resume or diminish their privileges, should a state of things render it at any time expedient, but you may at all times say to your own Bank, so far shall you go, and no farther. And surely, if circumstances should at any time require a change in the circulating medium of the State, the power to make that change would be more safely vested in the wisdom of the Legislature, than trusted to the interest of companies controlled by the limits of their charter alone.—B. T. ELMORE, *C. G.—R. & R. pp. 76 & 77.*

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(1823.)

No. 8, is the annual statement of the Bank of the State, by which it appears that the nett profits of the last year ending on the 30th September, 1823, were \$113,207 61: Which sum, in obedience to the act of the 20th December, 1821, has been carried to the account of the Sinking Fund.

In obedience to the Act to raise supplies for the last year, I have the honor to report to the Legislature, that agreeable to its directions, \$200,000 of five per cent. stock, was sold by the Bank of the State, and brought the sum of \$202,214 37, which was paid into the Treasury office of the Lower Division.



The State presents the anomaly in finance, of placing not only a large banking capital, but the whole of its treasury, in the trust of a few individuals, with no other security for their faithful and honest management than their individual character.

Character is certainly one of the best securities which can be obtained, for the discharge of public duties, but I can see no reason why others should not be added. It is in vain to say, until the human character undergoes a thorough change, that you can fill the direction of your Bank with individuals who will serve the State from disinterested motives alone; and it is a question yet to be settled, whether you are not paying your Directors the highest price for their services, without possessing a corresponding security for their fidelity and honesty. It is known to be the practice of the Bank, to extend to each director a credit to a considerable amount. As the State gives no compensation for the discharge of this very important trust, this cannot be considered unreasonable.

But it is to be feared that many bad debts may be contracted thereby, and the State become a loser to an amount which would have exceeded a proper direct compensation to the directors—although I am aware that any recommendation upon this subject from this department will have but little weight. Yet I feel it my duty to present my views to the Legislature. I would recommend it as worthy of your consideration to give to the Directors a fixed salary, as full compensation for their services, and also to bind them in a bond, for the faithful discharge of their duty, conditioned that they should not borrow any money from the Bank in their own or any other persons' names, or to be used directly or indirectly for their interest or benefit, with a similar condition annexed to their oath of office.

If the Legislature should concur in these views, it is believed that the number of Directors may be diminished, and that in the winding up of the business of the Bank, it will be found that it has pursued a true and strict economy, by which it will have paid less for this service than it will do, if it pursues its present plan, with the additional advantage of gaining the best security against mismanagement and fraud, which such a case can give.—T. B. ELMORE, *C. G.—R. & R. pp. 79, 81, 82, 83.*

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(1825.)

No. 9, is a statement of the 3 per cent. stock, by which it will be seen that there remains a balance outstanding of \$259,332 19 against the State.

No. 10, is a statement of the sinking fund, by which it appears that there was a balance at the end of the year. of \$191,283 85 in its favor.—The Comptroller General would respectfully observe, that since that time, the profits of the Bank, on the last year's business, have been carried to that fund.

No. 11, is a statement of \$250,000, of 5 per cent stocks, sold by the Bank last year, which, agreeable to the Report of that institution, brought the sum of \$259,565 62.

No. 12, is a statement of the Bank, exhibiting its profits for the last year, by which it appears that the sum of \$115,042 96, being its profits, has been carried to the account of the sinking fund.—B. T. ELMORE, *C. G.—R. & R., p. 69.*

(1827.)

The Comptroller General reports to the honorable the Legislature of South Carolina, the fiscal transactions of the year ending 30th September 1827.

The Act of the last session authorizing on certain conditions the admission of private Stockholders into the Bank of the State of South Carolina, has not been carried into effect, on account of various objections, on which it will be unnecessary for me to dwell, as they will no doubt be fully presented to the Legislature by the learned President of that institution.

The profits of the Bank during the year, as reported to this Department, have amounted to \$75,000, and there has been, from the monthly reports, continued evidence of rapid progression towards a flourishing and sound condition. As Committees however of your honorable body will have prepared reports to the Legislature on the condition of the Bank, it will supersede the necessity of my dwelling longer on the subject.

On the 30th September, 1826, the Sinking Fund amounted to \$235,506 99; to which, was shortly afterwards carried the profits of the Bank, amounting to \$70,500, making together the sum of \$306,006 99. From this sum there has been drawn, to meet the interest on the public debt, up to 30th September, 1827, the sum of \$74,646 35; consequently the sinking fund, on the date last written amounts to \$231,360 64. To this, is to be added the present profits of the Bank, amounting, as stated above, to \$75,000; but as it will require this sum, if not more, to meet the interest on the public debt during the ensuing year, the probability is that the 30th of next September, will find this sum diminished, rather than increased.—A clause in the Act of the last session, authorizing the admission of private Stockholders into the Bank, directed the investment of the fund in certain stock, under the direction of the Comptroller General, and President of the Bank.

This course had been strongly urged in the Comptroller's Report, but after mature reflection by the Committee of Ways of Means, had been disagreed to, on the ground that the situation of the Bank would not then warrant, without injury, the withdrawal of funds to that amount.

From this consideration, as well as from the fact, that the clause afterwards passed, had been inserted in the Act for extending the charter of the Bank, it was presumed to be the intention of the Legislature that this investment of the sinking fund was to depend upon the success of the whole scheme; and as the balance of the scheme did not succeed, nothing has been done in the matter. That it is important to the interests of the State to increase this fund yearly, and to invest it in stock, bearing an interest equivalent to the interest we are paying on equal sums, I cannot doubt; not only because it would enable us at all times to redeem, to that amount, our own paper, when found in the market, at a fair value, but also, by this course, we would escape the loss resulting from a failure in banking—a catastrophe somewhat to be dreaded, even with the best managed institutions.—A. SPEER, C. G.—*R. & R. pp. 1 & 2.*

(1828.)

The public debt has undergone no change since the last year, except that the Bank has cancelled a part of the old three per cent. stock which it had

purchased, and which of consequence reduces its own capital to the same extent.

The income of this institution for the current year has been \$113,802 95, which will enable it, after defraying the interest accruing on the public debt for the ensuing year, to carry a handsome sum to the credit of the sinking fund.

The propriety of the original establishment of the Bank, cannot now be considered as open for discussion, but if we take into consideration the present condition of our finances, their intimate connexion with and reliance upon the Bank, together with the heavy burthens imposed upon the latter, in relation to our public debt, there remains little doubt, that to nourish and guard its interests is at present the peculiar province of the Legislature. More than ninety thousand dollars are necessary to meet the annual interest for which the Treasury is liable; and if from any cause the Bank should fail to pay it, a resort to increased taxes would be inevitable.

So far, however, this institution has been able to meet the requisitions of the public creditors, and at the same time accumulate the existing sinking fund; and an opinion is here confidently expressed, that with judicious management on the part of the direction, and a fostering and paternal care on the part of the Legislature, the Bank will enable the Treasury to discharge the public debt without increased demands on the citizens.

The offers that for two years past have been made by the Legislature, to admit private stockholders to participate in this institution, have not been accepted, and for what reason it would be hard to say, unless we were to attribute it to the opposition of the other institutions of the kind in the State. As far as the finances of the State are concerned, I have no doubt that the failure has been a fortunate circumstance, and in my opinion the offer should not again be made. I do not think that in the prosecution of several interests, the public can ever have an equal chance with the cupidity of individuals, and that, generally speaking, when they come to a division, the profits will go to the one, and the loss to the other. Were there, however, no force in this objection, still it could not be expected that after increasing the capital of the Bank, two or three fold, it could ever divide the same rate per cent as formerly; for it is a well known fact, that the profits of a Bank will not increase in proportion to the increase of its capital.

The institution went into operation in September 1813, with a comparatively small capital; and from that time up to the present, it has made and paid on account of the Treasury, the sum of \$1,315,977 57. This should be satisfactory, and certainly ought to operate as a check to any fanciful and untried scheme of improvement.

As a general rule in transactions of this kind, when we are doing well it is not an act of wisdom, to run the hazard of ruin, by attempting to do better.

Some, in their zeal for innovation, and perhaps in a spirit of hostility, are for closing this Bank altogether, and the reason given is that in their opinion it is not so solvent as from its reports it professes to be. Were this true, would the remedy cure the evil, or are they prepared for the consequences that must inevitably flow from the closing of its doors? The interest on the public debt would, in the first place, have to be met by increased taxes, and this, pernicious as it would be, would dwindle into insignificance when contrasted with the evil that must result from calling in the debts of the Bank, in this day of pecuniary distress. When commerce is

at a dead stand, when produce is worth nothing in the hands of the planter, and when, through the *benificence* of our rulers, a circulating medium has almost ceased to exist; he can be little acquainted with the duties of a statesman, that by any additional move, would add to the general distress.

The Sinking Fund still remains on deposit in Bank, and is making an interest to the State, by enabling that institution to extend by that amount its ordinary business.

Six per cent stock cannot at present be purchased in market without a large premium, and as the profits of the Bank are more than equal to six, a conversion of this fund into stock could not be effected without loss to the State, and therefore nothing has been done in this matter.—A. SPEER, C. G.—*R. & R. p. 1.*

(1829.)

The income of this institution has for the last year amounted to \$112,000, and the monthly reports made to this department, show a solvent and sound condition; nor has anything transpired calculated to impair public confidence in its value and utility. If the nature and amount of the public debt are duly considered, the Bank must become an object of no ordinary interest, as the only means by which it can be discharged, other than by a resort to taxation; and the experience of another year has only served to confirm the opinion formerly expressed on this subject.

If we are to judge of the future by the past, there can be little doubt but this institution will supersede the necessity of an application to the Treasury for the discharge of any part of the public debt, and consequently it richly deserves the fostering care of the Legislature.

For the convenience of the Legislature, as well as for the information of the public, I have here subjoined a statement of the capital, income, and rate per cent. of the Bank, from the time of its establishment, up to the present period.

Fiscal Year.	Capital.	Nett Income.	R'te pr. Cent.
1813	\$179,223 46	\$3,325 21	\$1 85
1814	297,253 68	48,900 71	16 44
1815	391,890 39	63,022 69	16 08
1816	583,926 35	76,507 91	13 16
1817	887,872 59	105,838 07	11 92
1818	1,224,543 37	107,593 95	9 56
1819	1,196,220 65	100,287 37	8 38
1820	1,196,220 65	26,525 38	7 23
1821	1,196,220 65	120,072 18	10 03
1822	1,196,220 65	113,207 61	9 46
1823	1,196,220 65	116,350 58	9 71
1824	1,196,220 65	115,042 96	9 61
1825	1,196,220 65	70,500 00	5 89
1826	1,196,220 65	75,000 00	6 26
1827	1,156,882 11	113,802 95	9 83
1828	1,156,883 11	112,000 00	9 68

From this statement it appears that the nett profits of the Bank, up to the present period, have been \$1,427,977 57, and the average rate per cent. on its capital, has been 3 69 on every hundred dollars per annum.

It may be worthy of remark, that the decrease of capital, as shown in the statement of the two last years, has originated in the purchasing and cancelling of three per cent stock, as directed by law.—A SPEER, C. G.—*R. & R.*, p. 2

(1832.)

The profits of the Bank of the State of South Carolina, for the last fiscal year amount to \$120,000. This sum has been carried to the credit of the Sinking Fund, which amounts to \$456,883 15 cents.—T. HARRISON, C. G.—*R. & R.* p. 4.

(1833.)

The Comptroller General cannot conclude this report without adverting to the favorable aspect of the finances of the State at this time. The Bank, under circumstances peculiarly adverse to a successful application of its funds, has maintained the opinion of its utility as a valuable auxiliary to our revenue system, and proves the ability and care with which the management of the institution has been conducted. Indeed, a more successful and certain mode of extinguishing the public debt could not readily be devised, than that which will be afforded by the Bank, should its charter be renewed, and should it continue to be conducted with prudence and ability. It is believed that the means of the State, including the profits of the Bank, will prove adequate to the extinction of the public debt without the imposition of any additional taxes, and when the debt shall be paid, a considerable diminution may take place in the public burdens—W. LAVAL, C. G.—*R. & R.* p. 2.

(1834.)

The amount which has been transferred to the credit of the Sinking Fund from the profits of the Bank, for the past year, is less than that of the preceding year, by about fifteen thousand dollars. The deficiency was occasioned by a succession of adverse occurrences, such as all banking operations are (more or less) liable to. It is the duty of the President of the institution, to furnish the particulars in his Annual Report to the Legislature; and as it is believed that he can explain the cause of loss in a way which will be satisfactory, the confidence of the public ought not to be lessened in the Bank, or towards its officers. A sum deemed fully equal to the greatest amount of losses apprehended, has been reserved by the Board, while the Sinking Fund has been credited with a sum which exceeds by twenty thousand dollars, the amount of interest for which that fund is chargeable.

The Legislature, during the last session, remitted to several debtors to the Bank, the sum of about thirteen thousand dollars; that amount taken either from the capital stock, or from the profits of the Bank, lessens its ability to accomplish the important object of redeeming the public debt; and when it is recollected that the faith of the State is considered as pledged to reserve that fund for its especial purpose, the Legislature will perceive the propriety of refusing similar releases; or if granted, to meet the case properly, by appropriations from the Treasury. By this mode the capital of the Bank will remain unimpaired—the means for extinguishing the public debt undisturbed—and the faith of the State will be preserved. The Comptroller General is induced to believe that the Legislature will admit the justness and propriety of the foregoing remarks and suggestions, when they advert to the fact, that on the 1st day of January, 1840, (five years hence,) the largest instalment of eight hundred thousand dollars of the public debt will become due, and that no provision has been made to meet the payment, other than the surplus profit of the Bank, after payment of the interest for which the Sinking Fund is chargeable.—W. LAVAL, C. G.—*R. & R.* pp. 1 & 2.

(1835.)

The Bank of the State has transferred to the credit of the Sinking Fund, the sum of one hundred and twenty thousand dollars, being the profits of that institution, after extinguishing the amount of losses sustained in the two preceding years. From a recent inspection of the books of the Bank, it appears that the institution is in a very healthful and prosperous condition, and promises, under the present administration of its concerns, to be an efficient auxiliary to the State in the redemption of its present debt, or of any additional stock it may be deemed advisable to issue.—W. LAVAL, C. G.—*R. & R.* p. 2.

(1836.)

As the present Legislature is largely composed of new members, some of whom may not have had opportunities of becoming acquainted with the general condition of the fiscal concerns of the State, and as it is understood that application will be made for extensive pecuniary engagements on the part of the State, the Comptroller deems it his duty to submit such particulars in relation to the finances as may be necessary to a correct understanding and determination on the subject.

The liabilities of the State, on the 1st day of last October, amounted to \$1,796,571 16-100. Of this amount, \$1,753,767 82-100 consists of State stock, bearing an annual interest of \$91,913 04, as will appear from the following specification, viz:

\$193,767 82-100, old 3 per cents., redeemable at the pleasure of the State.

\$800,000,	6	per cents..	of 1820,	redeemable	1st January,	1840.
200,000,	5	"	"	1822,	"	1842.
250,000,	5	"	"	1824,	"	1844.
300,000,	5	"	"	1826,	"	1846.
10,000,	6	"	"	1826,	"	1850.

The remainder consists of undrawn balances, &c.

The credits of the State on the same day, were as follows :

Balance of Cash in the Treasury.....	\$382,124 62
Sinking Fund.....	596,361 25
Capital of the Bank of the State.....	1,156,318 48
Bonds of South Carolina Canal and Rail Road Company....	100,000 00
Balance due by former and present Sheriffs, Tax-Collectors, and borrowers of paper medium.....	68,205 71

\$2,303,009 66

. Balance in favor of the State..... \$506,637 90

The Bank of the State has transferred to the credit of the Sinking Fund, the sum of \$135,000, as the profits of that institution for the fiscal year, ending 30th September last. This fund is chargeable with the payment of the interest on the 5 and 6 per cent. stocks; but by a continuance of successful operations, by the Bank; may become nearly adequate to meet the instalment of the public debt (800,000,) which will become due in January, 1840. The withdrawal of this fund, however, at that time, will necessarily reduce the profits of the Bank considerably, seeing that it now constitutes a very large part of the trading capital of that institution.

It has been shown already, that there was in the Treasury, on the 1st of October last, \$382,124 62-100; the ordinary income from taxation alone may be fairly estimated at \$270,000, making an aggregate of \$652,123-62-100. The ordinary expenditures of the State may also be fairly estimated at about \$250,000, from which, it is manifest, that unless the taxes be reduced, there will be a surplus in the Treasury, at the end of the next fiscal year, of \$402,124 62-100; an amount not only more than sufficient to meet the usual exigencies of the State, for the year ensuing, but more than sufficient to defray all the expenses and ordinary appropriations that will be required to be paid between the end of that year, and the receipt of the taxes in June, 1837. Under these circumstances, the Comptroller has deemed it his duty to submit the question of reduction, it being manifest that the taxes ought to be reduced, unless the Legislature shall determine upon a system of larger surplus accumulations in the Treasury, with a view to the prosecution of measures, of which the Comptroller has no knowledge; and of the wisdom and propriety of execution of which the Legislature alone is competent to form a judgment.—W. LAVAL, C. G.—*R. & R. pp. 95 & 96.*

(1837.)

Conformably to the Act of the Legislature, directing a subscription of one million of dollars in the Louisville, Cincinnati, and Charleston Rail Road Company, provided certain amendments were made to the charter granted by the State of Kentucky, the Comptroller General, having been furnished with an exemplification of the Act of the Legislature of that State, amendatory of the charter in the particulars required, has subscribed for ten thousand shares in the name of the State, and paid in to the Company the sum of fifty thousand dollars, (being the first instalment of five dollars per share,) by drafts on the President of the Bank of the State, payable out of the surplus revenue received.

The Bank of the State has passed to the credit of the Sinking Fund, the

sum of two hundred and one thousand two hundred and twenty-five dollars and thirty-seven cents, (\$201,225 37), as the profits of that institution for the fiscal year ending the 30th September, 1837. Taking into consideration the great revulsions in trade which have occurred during the past year, and which have materially affected the monied interest of this, in common with all other portions of the United States, the Comptroller General deems it an act of justice to remark, that commendation is due to the President and Directors, who have under their charge the interest of the Bank, during a season of the most marked commercial distress, and full of severe trial and embarrassment; and this remark is hazarded on two material and gratifying facts; the first, in the amount of the profits declared for the year last past, and the second, in the ability of the Bank to redeem all its notes in circulation, above the denomination of two dollars, in gold and silver, and to redeem all below that amount in the notes of other Banks in the City of Charleston, which are now held by the Bank of the State. The suspension of specie payments by the Banks in this State, was generally considered necessary as a measure of defence against the predatory practice of jobbing speculators. But the adoption of that measure by the Bank of the State, was more from a compliance with the wishes of a whole community, expressed at a numerous public meeting, than from any apprehension of inability to redeem its paper.—W. LAVAL, *C. G.*—*R. & R. pp. 1 & 2.*

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(1838.)

In compliance with "An Act for Re-building the City of Charleston," I have countersigned the bonds issued by the Governor, to the President and Directors of the Bank of the State of South Carolina, amounting to two millions of dollars, of which one million is payable in twenty years, and the other million at the expiration of thirty years, bearing five per cent. interest, payable half yearly.—W. ED. HAYNE, *C. G.*—*R. & R. p. 70.*

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(1841.)

No. 10,\* is a Statement of the balances between the Bank of the State of South Carolina, and the two Treasuries, on the last day of each month during the fiscal year, showing that the balance of \$62,626 16-100 due to the Treasuries on the 1st October, 1840, was exhausted in December; and from thence to April, the Bank was in continued advance to the Treasuries, and at one time, in the sum of \$163,155 51-100.—WM. ED. HAYNE, *C. G.* *R. & R. pp. 3 & 4.*

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\* See this table on next page.



[No. 10.]

*Balances between the Bank of the State of South Carolina, and the Columbia Branch, and the two Treasuries.*

CHARLESTON TREASURY.				COLUMBIA TREASURY.				BOTH TREASURIES.			
		Dr.	Cr.			Dr.	Cr.			Dr.	Cr.
1840	September 30,		\$49,342 82				\$13,083 34				\$62,426 16
	October 31,		47,039 72				5,449 94				52,489 66
	November 30,		43,272 96			\$7,174 60					36,098 36
	December 31,		29,070 84			73,184 62					
1841	January 31,		3,160 33			85,668 34				\$44,113 78	
	February 28,					87,291 69				82,508 01	
	March 31,	\$3,156 81				96,653 07				90,448 50	
	April 30,	6,500 44				70,561 94				103,155 51	
	May 31,		102,679 99				6,069 84				32,118 55
	June 30,		132,783 54								138,844 38
	July 31,		128,099 05			12,178 48					115,920 57
	August 31,		120,948 90			15,742 48					103,206 42
	September 30,		118,246 29			20,456 68					97,759 61
			62,579 36							28,248 27	85,827 63

OFFICE OF COMPTROLLER GENERAL, }  
 Charleston, 1st October, 1841.

WM. ED. HAYNE, *Comptroller General.*

(1830.)

The Comptroller General respectfully submits the following Report and Exhibits :

There remained in the Treasury, on the first day of October, 1829, the sum of \$131,216 67. The receipts, between that time and the first day of October, 1830, amounted to \$264,432 22, and the expenditures to the sum of \$281,899 56. The disbursements, within the year, have consequently exceeded the income, to the amount of \$17,466 34, and reduced the balance remaining in the Treasury, at the end of the fiscal year, to \$113,753 33.

On comparing the receipts of the preceding, with those of the last year, it will be seen that there is a difference in favor of the former of \$63,640 06. A like examination of the taxes of the two years will exhibit a diminution in the last year, of \$58,539 08.

In the death of Mr. STEPHEN ELLIOTT, President of the Bank, the State has lost one of its brightest ornaments, and greatest benefactors. The affairs of this institution, nevertheless, have been conducted throughout the year, with much prudence and ability. The profits for the year ending on the first day of October, 1830, (after deducting \$19,302 18, on account of losses that have been accumulating for several years,) amount to the sum of \$112,182 04. The Bank, always a subject of interest, has become, in the present embarrassed state of our finances, an object of particular solicitude. With a permanent revenue, which will do little more than cover the ordinary expenditures of the State, even should the Legislature abandon the public works, and a debt amounting to \$1,153,770 91, bearing an annual interest of \$91,913 12, every one must look to the operations of this institution with deep concern. It is quite apparent from the monthly reports to this department, that its present condition is altogether sound, and very prosperous. The doubts entertained by many of its success, experience has probably, in a great measure, removed. These, however, should not give way to a blind confidence. Too much vigilance, short of a developement of the private transactions of the Bank, could not be exercised. The present location of the parent Bank is considered not only judicious but indispensable. An opinion seems to be held by some persons, that the principal Bank should be established at Columbia, and that the Bank at Charleston should be closed, or at farthest, converted into a Branch. The leading reasons assigned are: 1st, That the bills would be circulated in the middle and upper country, and comparatively out of the reach of the United States Bank. 2d. That the competition would be less, and the profits greater. Without pretending to enter fully into the subject, it may be objected: first, that no bank in the interior could maintain the credit of its paper without providing, in some way, for its redemption in Charleston. That city is the great emporium of the State, and money, in whatever form it may exist, and in whatever part of the State it may be put in circulation, will ultimately find its way there, as certainly as the waters flow to the ocean. Bills, payable in Columbia, would not be received at par by the Banks there, more especially by the Branch Bank of the United States, and however solvent the Bank might be from which they emanated, would be placed on the footing of paper redeemable in Augusta, and would necessarily pass through the hands of brokers. If it be conceded that the bills should be payable in Charleston, it follows that the principal bank should be there. The office that redeems must control.—

Besides, that city affords facilities for the purchase of specie, and for procuring assistance from banks and other sources at moments of unusual pressure, that would be lost to an insulated situation in the interior. Second: As to a diminution of competition, and increase of profits by a removal of the parent Bank, a satisfactory answer is afforded by the simple fact, that the whole capital of the Bank is now actually employed, and it is confidently believed that it might operate most successfully on a much larger fund than that now at its disposal. There is one other consideration connected with this branch of the subject, of great weight. An extension of discounts to a great amount among the agricultural class of the community, (a result to be apprehended from the measure under discussion,) however convenient it might prove to the borrower, would inevitably jeopardize the Bank. The profits of capital invested in agriculture, are slow—they return but once a year. Experience has proven that loans to planters must generally be considered as permanent. It is obvious that the safety of a Bank depends much on its ability to convert its credit into cash, at a short notice. As punctuality is the life of trade, so it is the soul of Banks. These are the handmaids of commerce, and have never been known to prosper in districts essentially agricultural. This may account for the general failure throughout the Western States. Apart from delay of payment, the Bank would sustain more actual losses from planters than merchants. However paradoxical this may appear at first sight, it is nevertheless so. The fact alone, that banks have flourished more in countries eminently commercial, if not decisive of the question, goes a great way to explode the popular notion, that the profits of commerce are less certain than those of agriculture. The reverse of the proposition is believed to be true. But merchants are congregated in town—in the vicinity of the Bank, and in constant view of its Directors. Their notes are due at short intervals, and renewals may be refused when the slightest suspicion attaches to their credit. On the other hand, planters are out of their circle of vision. The directors, in making their first advances to them, must often rely on the information of others, which may deceive, and afterwards have not the power of observing the progress of their affairs. There seems to be but one danger from which the Bank might not be secured by proper management, and this is the all-pervading, all-absorbing influence of the United States Bank. The supposition that this institution is useful, because it keeps all other Banks in check by controlling their issues, and thereby preserving a sound currency, concedes at once its absolute power. Independent of its immense capital, which might be brought to bear at any point, it may be seriously questioned whether any bank in the United States could sustain its credit, against a settled determination on the part of this Bank to refuse its bills. To the question propounded by the Committee on Finance of the Senate of the United States, at the last session of Congress: "Has the Bank at any time oppressed any of the State Banks?"—The President answers, "Never. There are very few Banks which might not have been injured. Many have been saved; and more have been, and are constantly relieved, when it is found they are solvent, but are suffering under temporary difficulties." We have then the explicit declaration of the President of that institution, who must be intimately acquainted with the extent of its resources, that it possesses the power of *destroying* the State Banks, without regard to their solvency. The pretended spirit of moderation, and even charity above disclosed, detracts nothing from the precarious and degraded condition to which the State Banks are reduced.

He is not the less a slave, whose master is indulgent. Every friend to the rights of the States, who considers well the influence of money over the affairs of mankind, in the present state of civil society, cannot fail to watch the progress of this institution with fear and trembling.

*The Public Debt consists of the following items :*

Outstanding 3 per cent. stock.....	\$193,770 91	
Interest for one year.....		\$5,813 12
6 per cents. of 1820, redeemable in 1840....	800,000 00	
Interest for one year.....		48,000 00
5 per cents. of 1822, redeemable in 1842....	200,000 00	
Interest for one year.....		10,000 00
5 per cents. of 1824, redeemable in 1845....	250,000 00	
Interest for one year.....		12,500 00
5 per cents. of 1829, redeemable in 1846....	300,000 00	
Interest for one year.....		15,000 00
6 per cents. of 1826, redeemable in 1850....	10,000 00	
Interest for one year.....		600 00

It appears from the above table, that this debt amounts to \$1,753,770 91, bearing interest of \$91,913 12. The ways and means of extinguishing it, and providing in the mean time, for the ordinary exigencies of the State, are well worthy the serious consideration of your honorable body.

The Sinking Fund amounted, on the 1st day of October, 1830, to \$277,419 70. Shortly afterwards, the profits of the Bank, for the last fiscal year, amounting to \$112,182 04, were carried to its credit, making \$389,601 74. This fund is charged with the payment of interest on the 5 and 6 per cent. stock, which will be drawn during the present year.

Believing that the means to which the Legislature, at the last session, looked for the payment of the public debt, will prove delusive, the Comptroller General begs leave to examine, somewhat in detail, the report of the Committee of Ways and Means of the honorable House of Representatives, upon the authority of which, he presumes, the taxes were reduced. In doing this, he professes and feels the utmost respect for that Committee, and for the gentlemen, severally, who compose it, and hopes the importance of the subject will be considered a sufficient apology. The Committee says, "they rely with confidence upon the ability of the Bank of the State, to meet the payments of the public debt as they respectively become due, and of course to obviate the necessity of any demands upon the Treasury for that purpose." They estimate the profits of the Bank, beyond the payment of interest on the five and six per cent. stock, at \$25,000 per annum. The first great instalment of the debt, amounting to \$800,000, falls due on the first day of January, 1840, allowing only nine years to provide for its redemption. The Sinking Fund is \$389,601 74—add to this the surplus profits of the Bank for nine years, and you have only \$614,601 74, a sum short of the first payment, by \$185,398 26. There will be due on the first day of January, 1842, \$200,000 of the 5 per cents. This sum, together with the above balance of 6 per cents. with interest on the last, will amount to \$407,646 05. The Sinking Fund will have been sunk in the first payment, and to discharge this increasing demand, you can only look to the surplus profits of the Bank, after paying interest, diminished too, by the loss of that fund, which is now actively employed. These balances will

accumulate every year, till on the 1st day of January, 1846, when the last great payment becomes due, the balance of the whole outstanding debt will amount to \$724,366 35. It is proper to remark, that the old 3 per cents. might be purchased at about 65 per cent; and that the Bank owns, of this stock, \$18,354 15. These circumstances, however, could not influence the general result. For the more perfect elucidation of the subject, an account current, predicated on this view of the Committee, is herewith submitted.

The Committee say, further, "estimating the future by the past, your Committee entertain no doubt that the profits of the Bank will not only regularly extinguish the interest of the public debt, but enable it also to carry annually, at least \$25,000, to the credit of that fund. It is confidently anticipated, too, that even at the reduced rate of taxes which is herewith submitted, there will be an annual surplus of at least \$30,000 in the Treasury, which can also be carried to the Sinking Fund. From these two sources then, it is evident that there will be upwards of \$50,000 annually, applicable to the Sinking Fund, and consequently, that that fund will amount, in the year 1840, to \$913,000, being considerably more than will be required for the first great payment of the public debt." In relation to the surplus in the Treasury, so "confidently anticipated," our experience, so far as it goes, does not accord with the estimate of the Committee; for, instead of having a "surplus of at least \$30,000" at the end of the fiscal year, which has just closed, there is an actual deficit of \$17,466 34, although the taxes were not reduced so low as the Committee recommended. It is true, the payments embrace some items that cannot be considered as ordinary demands against the Treasury, but not to such an amount as materially to affect the result. Estimates of this kind, in which a liberal allowance is not made for contingent appropriations, will, in all likelihood, prove deceptive. The Comptroller General regrets that circumstances should have required him to comment on this document. Under a thorough conviction of the absolute necessity of setting apart some certain and adequate fund for the payment of the public debt, and finding it broadly asserted here, that the profits of the Bank, alone, would be sufficient for that purpose, (although additional means were recommended,) he felt himself called on to combat so dangerous an error, more especially, as it was almost sanctified by the high authority from which it emanated.

The Comptroller General, as required by law, submits to your honorable body, an estimate of revenue and expenditure, embracing the payment of the public debt.

The department is in possession of no *official* information in relation to the claims of the State against the United States. A special agent was appointed at the last Session of the Legislature, to prosecute them before Congress. He has not reported to this office, but will, no doubt, communicate directly to the Legislature.

In obedience to the Resolution of the last Session of the Legislature, the Solicitor of the Western Circuit proceeded to foreclose the mortgage against Hamburg; and has purchased, on terms which are considered very advantageous to the State, a perfect title, as he believes, to that part of the town designated and known by the name of Lower Hamburg. As it is the intention of the Commissioners charged with the general management of this affair, to report fully in relation to their trust, your honorable body is respectfully referred to their expose, for such information as may be desired.

The Comptroller General will have the honor to submit, at an early day several other matters of minor importance embraced within the sphere of his duties.

THO. HARRISON.

R. & R. p. 1.

Comptroller General.

DR. THE STATE IN ACCOUNT FOR STOCK.

1840	For this am't of six per cents. due 1st January, 1840	\$800,000 00
1842	For balance 6 per cents. in arrear, 1st January, 1840	\$185,398 26
	“ Interest on the above for two years-----	22,247 79
	“ This am't of 5 per cents. due 1st January, 1842..	200,000 00
		\$407,646 05
1845	For balance 6 per cents. in arrear, 1st January, 1842	\$60,646 05
	“ Interest on the above for three years.....	10,916 28
	“ Balance 5 per cents. unpaid, and due 1st Jan. 1842	200,000 00
	“ This amount of 5 per cents. due in 1845.....	250,000 00
		\$521,562 33
1846	For balance of 5 per cents. in arrear, in 1845.....	\$301,062 33
	“ This amount of 5 per cents due 1st Jan. 1846....	300,000 00
	“ Old 3 per cents.....	193,770 61
	“ 6 per cent. for Mrs. Randolph, due 1850.....	10,000 00
		\$804,833 24

CR.

CONTRA.

1840	By am't of Sinking Fund on 26th October, 1830....	\$389,601 74
	“ Surplus profit of Bk. for 9 years at \$25,000 per an.	225,000 00
	“ Bal. 6 per cents. remaining due 1st January, 1840	185,398 26
		\$800,000 00
1842	By profits of B'k for 2 years, after deducting \$37,000 per annum for payment of int. on the 5 per cts..	\$147,000 00
	“ Bal. of 6 per cents. remaining due 1st Jan. 1842..	60,646 05
	“ Bal. of 5 per cents. remaining due 1st Jan. 1842..	200,000 00
		\$407,646 05
1845	By profits of B'k for 3 years, after deducting \$37,000 per annum for payment of int. on the 5 per cents.	\$320,500 00
	“ Balance of 5 per cents. remaining due in 1845....	301,063 33
		\$521,562 33
1846	By profits of the Bank one year, after paying interest on the 5 and 6 per cents.....	\$80,466 89
	“ Balance of Public Debt outstanding in 1846.....	724,366 35
		\$804,833 24

The Committee estimate the surplus profits of the Bank, after paying \$85,500 by way of interest, at \$25,000 per annum; consequently they must be supposed to fix the average annual profits at \$110,500. Upon these data the above calculation is founded. It is sufficiently accurate for the present purpose, the object being merely to show that the Bank, unassisted by the Treasury, will be unable to pay the public debt. If experience is to guide us, the estimate is high enough; for the average profits, for the last ten years have amounted to only \$103,468 37 cents per annum; and the capital is less now than it has been at any time within the above period, except last year.

THOS. HARRISON,  
*Comptroller General.*

OFFICE OF THE COMPTROLLER GENERAL, 19th November, 1830.

(1831.)

The Comptroller General respectfully submits the following Report and exhibits :

The balance in the Treasury, on the 1st day of October, 1830, was \$113,753 33. From 30th September, 1830, to 1st October, 1831, the receipts, from all sources of Revenue, have amounted to \$276,837 30; and the payments to \$235,302 69; leaving a balance in the Treasury, at the end of the year, of \$155,286 94. It should be known, however that the Treasury stands charged with the sum of \$46,800, for specific appropriations, made at the last Session of the Legislature, and not yet drawn, from various causes, which, had they been paid within the year, would have reduced the balance to \$108,486 94.

Finding that the Committee of Ways and Means of the Honorable House of Representatives, did not concur in the views of the finances of the State, as presented in the last Annual Report from this Office, the subject has been re-considered with all the attention which its importance, and the high respect entertained for the opinion of the Committee require. But the most mature consideration, with the light of another year's experience, has furnished nothing to change, but much to confirm impressions which, however reluctantly received, could not have been withheld without a sacrifice of duty. A previous Committee, in a Report made in December, 1829, had asserted that the Bank of the State of South Carolina, unassisted by the Treasury, would be able to meet the payments of the public debt as they respectively became due. The Comptroller General controverted this assertion, and exhibited a calculation predicated on the estimate of that Committee, the object of which was to carry out their estimate on their own principles, and show that the data furnished, defeated the proposition laid down. The Committee of the last Session assented to his conclusions as deduced, but re-asserted, in effect, the original proposition, founding it on a different estimate.

Whether the Bank can be safely depended on for the redemption of the Public Debt as it falls due, is the most important question connected with the Finances of the State. It is a question, too, that must be settled before it can be known whether any other, and what additional means should be provided. If the estimate accompanying the Report of the Committee can be sustained, the ability of the Bank may be readily conceded; and re-

garded merely as containing the opinion of so intelligent a body in its most tangible form, the calculation is certainly entitled to great consideration. Nevertheless, it is the more dangerous, if it be erroneous, and it is believed to be eminently so in all its material results. The means to which the Committee seem to look forward for an increase of the profits of the Bank, are: 1st. An additional circulation of \$300,000. 2nd. A more vigorous system of Discounts. 3rd. A more active employment of the Sinking Fund. These propositions will be considered in their order.

In the first place, it may be remarked, that the Legislature, however wise it might be for general purposes, would labor under great disadvantages in directing a Bank; for of all institutions, Banks are most under the influence of times and circumstances, and these are continually changing. A measure that might be proper, and even highly expedient at the beginning of a year, might prove ruinous at the end. There is no question connected with the subject so delicate as the proper amount of circulation.—Nor, can a Bank always sustain the same quantity of its paper in circulation. It must frequently limit its issues, and occasionally call in a portion of its notes. It would seem that the President and Directors are the most competent to determine what quantity of paper can be safely sustained in circulation, and to their sound discretion the matter should be left.

Suggestions, such as those thrown out by the Committee, though not imperative, will, nevertheless, have their influence; and their inevitable tendency is, to remove from the proper managers of the institution, that responsibility which constitutes its only safe-guard. Besides, to overtrade is the natural tendency of a Bank constituted like that of the State of South-Carolina. The President and Directors have no pecuniary interest at stake, and how natural it is they should desire to make handsome returns of annual profits? The approbation of the Legislature, and, perhaps, the re-election of the President and most of the Directors, might depend on flattering representations of the situation and prospects of the Bank; and of these, their returns of profits, though sometimes delusive, are the most certain criterion. To realize those profits, the Bank must discount largely. Funds for that purpose can be procured more promptly, and with less trouble, by issuing notes, than calling in debts. By adding, too, to the aggregate amount of discounts, the profits must be increased. Under this state of things the danger is, not that the Bank will issue too little paper, but too much; and the difficulty is to restrain the quantity within proper bounds—a difficulty rendered almost insuperable by the considerations, that there can be no fixed proportion between the capital and circulation, and that a frequent and direct interference in the direction of the Bank, would be attended with incalculable evils. The permanent interest of the State is, that the circulation should be rather below what might be considered the safety point, and the natural tendency of the institution is to carry it above that point. The goad, then, is applied, when the curb would seem to be more proper.

As the Committee have recommended an additional issue of \$300,000, not as a temporary expedient, but a permanent fund for discounts for a long series of years to come; as the profits anticipated from this source constitute a prominent item in the estimate for the payment of the public debt; but above all other considerations, as the safety of the Bank, and the preservation of a sound currency are involved, it becomes important to enquire



whether the Bank could possibly maintain such a circulation. All practical men agree in this, that there can be no settled proportion between the capital and circulation, the amount of paper that a Bank can sustain in circulation depending on many circumstances independent of its capital. In times of peace, general prosperity, and confidence, with little or no competition, the issues of a Bank may greatly exceed its capital. Under a different set of circumstances, it might not find it convenient to support a circulation of more than one-fourth part of its capital. How much paper, therefore, a Bank of a given capital could sustain at any distant future time, is a question that would require the gift of prophecy to answer. It is a matter in which daily experience must be the guide. The fact is, a Bank must *feel* its way. Although it is admitted that the circulation must fluctuate, and that the President and Directors are, at all times, the best judges of the proper amount, yet there are sufficient lights to enable us to say with confidence, that the Bank could not safely advance its circulation so far as the Committee advise. Small inequalities are not easily perceptible, especially to the unpracticed eye, but great ones are obvious enough.

The circulation of our Bank is influenced at present, principally, by the operations of the United States Branch Bank at Charleston, and the low price of our staple commodities, with the consequent general stagnation of trade. The competition of the other State Banks, is not worth taking into the account. In truth, it is believed that their influence is beneficial.

The United States Branch Bank, through the Custom House, and for debts, of whatever kind, due to the United States—by the sale of bills of exchange; by means of exchanges with dealers in live stock from the Western States; by exchanges with negro-traders, who make their purchases in Virginia and Maryland, and with persons emigrating from the State; and by payments made on its ordinary discounts, is enabled to collect large quantities of notes of the Bank of the State, which are regularly presented for payment once a week. The Bank must provide means to meet these drafts, and not knowing what amount will be presented, the provision must, of course, be liberal. Connected with this branch of the subject, there is another cause not heretofore alluded to, the operation of which will, it is believed, be soon severely felt. The end of currency being merely to effect exchanges, it follows, that any quantity beyond that necessary for this purpose, must produce depreciation, in a ratio equal to the excess. It is equally clear, that the low price of our staple articles, and the general stagnation of trade, must diminish the demand; for where there are no exchanges, there can be no use for money, and where the subjects of exchange are of little value, not much will be required. Now, the circulation of the United States Bank has been, of late years, greatly extended. From 1st November, 1830, to 1st August, 1831, only nine months, its actual circulation increased \$7,217,902! As its notes gradually fill up the circulation, ours must be withdrawn; for, independent of the consideration that in all jostling between the strong and the weak, the latter must give way, the United States Bank possesses an advantage, which, in a warfare of this kind, must be decisive. A great portion of its notes are payable elsewhere, and although our Bank may, from time to time, pick up a good many of these, yet, when they are presented to the Branch Bank, the answer will be as it has been, "we are disposed to accommodate, but cannot be prepared with funds at every office to meet the whole issues of the Bank; send them to Philadelphia." It is evident then, that while our Bank is compelled to redeem with

specie, these notes for all banking purposes, here, are not redeemable at all, and the whole circulation may be filled up with them. The liability of the U. S. Bank to redeem with specie, is merely nominal. By transposing the circulation of its notes, they never can return in any considerable quantity. The issues of such a contest cannot be made a subject of discussion. It is not denied that the U. S. Bank has exercised a wholesome influence over the currency,\* but the objection is, that with the power to correct, it has also received a power coupled with an interest, to destroy—its power over the State Banks is absolute, and it is greatly interested in abusing that power. We may enjoy the rights of personal liberty, personal security, and private property, under an absolute Prince. He would have no interest in abusing his power, but there could be no security that he would not do so. What free-born man would submit to such a government?

The Charter of the Bank of the State of South Carolina was granted by the State for the benefit of the State, but the Bank is a tenant at will of a hostile incorporation. But leaving a course of reasoning which might be thought speculative, let us state some facts, the inference from which, it would be more difficult to mistake.

But before we do that, it will be proper to present the estimate of the Committee of the capacity of the Bank to sustain an additional issue of \$300,000. They say "in order that the views of your Committee may be more clearly seen, they will take the situation of the Bank, as it exists at present, by which to test their observations.

The Bank Capital consists of.....	\$1,156,318
The Sinking Fund " of.....	389,667
The average amount of Deposits which is usually banked } upon, or is equivalent at least to so much of the Bank's } paper in possession, is	365,000

Making in Bank,.....\$1,910,985

The amount of Bank Notes issued, of and over one dollar is \$1,600,000, of which \$500,000 are usually in Bank, leaving in circulation \$1,100,000; and if from this balance be taken \$345,000, of one and two dollar bills, rarely the subjects of exchanges with other Banks, the whole amount in circulation, for which means of exchange must be provided, will be only \$755,000.

To arrive at the circulation they deduct from the amount of issues \$500,000, which they say, is "usually in Bank." The true enquiry would appear to have been, what was in Bank at that time? An answer is now offered.

On the 30th November, 1830. the whole amount of cash on hand including Notes on other Banks, and Specie, (except the Specie in Charleston) was \$246,874 25: and to be entirely fair, we will deduct this sum from the issues, which were greater by \$107,445 than the sum stated by the Committee, for they include change Notes. The Committee also deducted from the amount of actual circulation, the one and two dollar notes, amounting

\*In the last number of the Southern Review, is a most able and convincing article on the United States Bank, highly worthy the perusal of all who seek truth on this interesting topic. The writer contends, that the Bank is unconstitutional, and that the currency might, and would have been restored to a sound state without it.

as they state, to \$345,000, under the allegation that they are rarely subjects of exchanges with other Banks, and therefore it is unnecessary to provide means to meet them. There is much reason to fear that the idea is fallacious. These notes are a component part of the general circulation of the Bank, the aggregate of which is subject to drafts of \$40 or \$50,000, per week. Although the one and two dollar notes do not enter the vortex, yet, by their pressure, many notes of a different denomination are forced into it. A gentleman in the country desires to send \$100 to the Branch Bank U. S. He has \$90 in \$10's, and \$10 in \$2's and exchanges the \$2's, for a \$10. This last \$10 is the representative of the \$2's, and they supply its place in the circulation. One and two dollar notes are not convenient to be sent abroad, or for large payments, but when a contribution is levied on the general circulation, they must pay their part. They are forced into the country, it is true, but the country merchants levy their contributions on their respective neighborhoods. As these notes accumulate in their hands, they convert them into notes of a higher denomination. Thus in a sale of goods to the value of one dollar, the Merchant receives a \$5 note and gives \$2's, and on receiving a small debt, he gives four \$1's and receives a \$5. These proxies of the small notes find their way to Charleston, and are there given for goods; they go next to the Custom-House, for duties, and it is unnecessary to trace them further. That such a mass of paper could be suspended in circulation, without expanding it: or that a Bank having a permanent capital of little more than a million, could issue near half a million (\$412,000) in small notes with perfect impunity, is a proposition that should be assented to with much caution. But it is known that these notes do, at certain seasons of the year, return directly on the Bank, in considerable quantities.

We may in some measure test the due proportion between the Capital and circulation of the Bank of the State of South Carolina, by a comparison of its situation, in these respects, with that of its sister institutions, located in the same City, and operating under the same general circumstances. For that purpose we will take the effective capital as furnished above.

Bank of the State of South Carolina:

Notes issued to the 30th November, 1830,.....	\$1,707,445
Deduct cash on hand, 30th Nov. 1830, (except specie in } Charleston,).....	246,874

Amount in circulation 30th November, 1830,.....	\$1,460,571
Add the sum proposed by Committee,.....	300,000
	<hr/> \$1,760,571

Two banks in the City of Charleston, Capital,.....	\$2,000,000
Average amount of Deposits,.....	400,000
	<hr/> \$2,400,000
Circulation,.....	\$660,815

At the time the Committee recommended the above additional issue, the Bank had in circulation, beyond question, an amount of notes considerably greater than the other four Banks incorporated by this State, together,

having a combined Capital of \$3,475,000. These institutions are stimulated by private interest, that never sleeps; and we can hardly suppose that their operations have hitherto been too sluggish, and their issues too small; charges which the Committee prefer against the Bank of the State of South Carolina. But lest a suspicion of sluggishness and inadequate issues should attach to the other Banks also, let us pursue the subject. Mr. Gallatin, in his elaborate essay on Banks and Currency, in the 16th number of the American Quarterly Review, has given a synopsis of the capital, notes, deposits, and specie of the different Banks in the United States, founded in some instances on estimates, but principally on actual returns. In order that we may arrive at the greatest certainty, let us confine ourselves to those Banks from which returns were received.

Situation of 31 Chartered Banks of Pennsylvania in November, 1829:

Capital, .....	\$12,032,000
Deposits, .....	8,758,000

Effective Capital, .....	\$20,750,000
Notes in circulation, .....	7,270,000

281 Banks ascertained, capital, .....	\$94,245,650
Deposits, .....	32,139,671

Effective Capital, .....	\$126,385,321
Circulation, .....	39,135,833

Sluggish operations and small issues, are not among the objections that have been heretofore urged against the State institutions. On the other hand, they have been branded with a disposition to flood the country with a depreciated currency—intent only on gain, and reckless of all consequences to the community. Was it not to check this evil propensity that a great pecuniary Autocrat has been called into existence, who has placed one foot in Maine and the other in Louisiana; holding in one hand, a rod of *gold* and in the other, a rod of *iron*? These Banks have, no doubt, felt the *iron* rod, and tremble. Notwithstanding the contracted circulation of the private State Banks, it is diminishing every day, from dire necessity, and that of the United States Bank is marching onward (uncontrolled and uncontrollable) at the rate of seven millions in nine months!\*

There can be no doubt that the Bank of the State of South Carolina, in regard to circulation, possesses many and great advantages over the other local Banks, but it must feel, in common with them, the pressure of the times, and the operation of the great controlling power; therefore, the disproportion exhibited above, seems to be too great, and, perhaps, can be accounted for satisfactorily, only by the fact, that the former is directed by *public* interest, and the latter by *private* interest.

\*This statement is made on the authority of Mr. Gallatin and Mr. Biddle.

Mr. Gallatin: United States Bank Notes issued to 1st Nov., 1830, ....	\$18,004,660
Deduct in transitu, .....	2,923,135

In actual circulation, .....	\$15,181,545
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Mr. Biddle. Notes issued, 1st August, 1831, .....	\$35,811,683
"The Circulation," .....	\$32,399,447

The second proposition of the Committee involves a single question:—Will the Bank be better conducted for the next fourteen years, than it has been heretofore? They say, that a more "vigorous system of discounts" is necessary, and thereupon found their calculation. If, then, they have not shown that a more vigorous system will be pursued, the case has not been made out. What evidence have they offered? They assert that the energies of the Bank have been cramped, but admit that it has, on the whole, been "safely and prudently conducted." Can we expect more? The directors are without interest and unpaid. The President is paid; his character too, is at stake; and all that his well known talents, great industry, and uncompromising integrity can effect, will be done; but he is subject to the control of the directors, who are continually changing. The onus probandi, however, lies on the committee. Let us advert, for a moment, to the Report:—"It would appear to be obvious, that if a Bank throws its paper into circulation, and does not, by a vigorous system of discounts, call a sufficient portion of it in, at short and stated periods, to meet the drafts of other Banks, and the demands of individuals, its issues must either be exceedingly limited, or it must exhaust its capital in redeeming its paper." These remarks of the committee are unquestionably true, and furnish, surely, a strong objection to an increase of the circulation. To accomplish the reformation is a work of difficulty, and of time. The longer a man has the use of money, the less likely, generally, is he to pay it when demanded. The Bank calls, but the debtor answers not; or, the answer is, "You must wait for another crop." Perhaps the additional issue ought not to have been recommended; at least, until the "vigorous system of discounts" should have been in successful operation. Yet we find it the first item in their account of profits for the then current year.

The third gainful item of the committee is the Sinking Fund. By an Act passed December, 1821, the profits of the Bank thereafter to accumulate, were set apart for the payment of interest on the public debt, and the final redemption thereof. This is called the Sinking Fund. It has never been in Bank, but consists of a portion of its discounts. Since the year 1822, the Bank has been operating on this fund, and, therefore, the profits of that fund enter into the general profits heretofore returned. We are, then, to take into the calculation that portion of the fund only, which may hereafter accumulate. It is admitted that this may increase the profits up to the first great payment; but they must diminish afterwards by the entire loss of the fund, which will then be extinguished. To this fund, it is believed, the committee attach unmerited importance; for on looking backward on the progress of the Bank, which, after all, is, perhaps, the safest course, we are unable to detect its influence. The aggregate profits, for the years 1817, 1818, 1819, 1820, 1821, were greater than those of 1822, 1823, 1824, 1825, 1826. If we take the last fourteen years, we shall find that the Bank realized more in the first seven, than in the seven last years. In the year, 1821, the return was greater than it has ever been since. Times are important as well as funds—*sinking times* may countervail sinking funds; and our prospects herein, what are they? Estimates of profits, whether of Banks, Mercantile-Houses, or any other pecuniary concern whatever, embracing a long series of years, and founded, as that of the committee is, on regular arithmetical progression, will commonly, if not invariably, prove deceptive. But this is not the only objection to their estimate. They have constructed their column of figures on

a sum that the Bank has never realized. They seem to have done so on the hypothesis, that the Bank would have returned that sum the preceding year, but for the losses of other years, which were deducted. But the losses for the year which had just then closed, had not been ascertained. Subsequent years might feel in their turn, losses accruing from the transactions of that year. To select the most favorable year out of a series of seventeen, one would think would be going a good way, but the Committee have advanced much further. In the year 1826, the profits of the Bank were \$75,000. Why not take that year for an estimate? We shall be answered, probably, "great losses were sustained that year." Granted. But in the preceding year the profits were only \$75,500. What objection is there to this year? "That year was unfavorable." Be it so. But are we to sustain no more losses? Are there to be no more unfavorable years?

A remarkable evidence of the sanguine temper of the Committee is found in the fact that the year after the Bank shall have been exhausted by the payment of the first great instalment of the debt, amounting to \$800,000, they estimate the profits, independent of the sinking fund, at \$121,500—a sum that the Bank has never been able to return, even with the aid of that fund.

The profits of the Bank for the year ending 30th Sept., 1831, amount to \$120,000. The estimate of the Committee has fallen short, the first year, \$18,500—and the rule by which they worked, must be applied to the deficiencies; as an edifice is constructed, so must it be taken down.

It is understood that a Branch Bank of the U. S. is shortly to be established in the town of Columbia. Should this take place, the annual profits of the Bank of the State of S. Carolina will probably soon fall to \$100,000.

The Comptroller-General respectfully recommends the expediency of gradually calling in and suppressing all notes under the denomination of \$5. Their baneful influence on the currency, in driving coin not only out of circulation, but out of the country, is too well known to require elucidation. Of all those causes which affect the prosperity of a country, few are more operative than the currency; and of this, the State is the legitimate guardian. It has inhibited the circulation of small notes by the other Banks, and, independent of the odium of monopoly, it is infusing poison into that which it is under the highest obligation to preserve in a pure state. The benefit of these notes to the Bank has doubtless been overrated. Their principal profit, over others, results from wear and tear, which is a dead loss to the citizen. But surely, the public good is above all small matters of pecuniary gain. The inconvenience, if felt at all, will be slight and temporary. There is plenty of specie at this time in the Banks. The Bank of the State is prepared to circulate, if necessary, a very large sum in silver change.

Something might be saved by reorganizing the offices in Bank. There seems to be no necessity for so great a number of officers as are employed by the Bank in Charleston. While too much labor ought not to be imposed, sinecures should be guarded against.

After what has been stated, it may be proper to remark, before the subject is dismissed, that the Bank must sustain some considerable losses, but its actual solvency is believed to be unquestionable. Its discounts, in general, are very substantial, but in a great measure unavailable for active banking purposes. The report from this office to last session was founded, as therein stated, on the monthly returns. Since that time, more particular

attention has been directed to the subject, and the result has been already submitted.

The Committee say, "It is true that our excess of expenditure over our income from the Treasury, the last fiscal year, has been \$17,000; but your Committee believe that there were demands upon the Treasury during this period, which will not be included in our ordinary expenditure. Upon the following items alone, it is believed that the following amounts will be saved from the appropriations of the last year.

Internal Improvement, .....	\$16,000
Public Buildings .....	15,000
Census, Lunatic Asylum, and fire in Camden.....	8,000

Making an aggregate of.....\$39,000

"This amount will probably supply the deficiency of the last year."

The sum for which the Treasury stood charged last year, was greater than the actual payments of the preceding year. That the appropriations were not paid within the fiscal year, has been owing (except in a single instance,) to causes entirely accidental. A sufficient allowance had not been made for contingent appropriations. It was quite natural to suppose that appropriations for some of the specific objects enumerated, were not likely to be made again; but more reflection, perhaps, might have satisfied the Committee, that other appropriations, for other objects, were not improbable. The revenue, however, is improving, and for the current year, will, no doubt, be adequate to all the demands of the Treasury.

Groaning, as our citizens are, under a load of indirect taxation full heavy to be borne, the Comptroller General cannot recommend to your honorable body, still further to increase their burthen, by raising the State taxes, at least for the present. He would most respectfully urge the necessity of putting in requisition all the other means of the State. Although he is satisfied that the Bank of the State will be unable to meet, by its annual profits, the several instalments as they become due, yet he believes it may be made the means of ultimately discharging the debt, in two ways:—1st. The debt to be called in as it becomes due, by application of the Sinking Fund, and a sale of new Stock, bearing an interest of 5 per cent. It is important to call in the debt as it falls due, because the character of the State for good faith will be elevated, and at the same time a clear profit of at least 5 per cent. amounting to a full year's interest, may be realized on the sale of stock. The annual profits of the Bank, will then constitute a sinking fund for the redemption of the new stock.

2d. The debt may be paid out of the sinking fund and capital, by gradually winding up the affairs of the Bank, and finally closing it.

The appropriation for repairs of the State House, remains in the Treasury; no commissioners having been appointed to superintend the work. All which is respectfully submitted.

THOMAS HARRISON,  
Comptroller General.

R. & R. p. 1 to 9.

(1824.)

Upon the Resolution of the 20th of December, 1823, "That the Comptroller General and the President of the Bank of the State of South Carolina, be required to enquire into the expediency and practicability of removing the Bank of the State of South Carolina, from Charleston to Columbia, with the view of ultimately establishing, so soon as may be expedient, branches at Cheraw and Hamburg; and that they be required to report separately thereon, at the meeting of the ensuing Legislature, taking into consideration the effect, which would be thus produced upon the currency of the interior of the State," the Comptroller General respectfully submits the following

## REPORT:

In determining upon the expediency, and of course, practicability of removing the Bank from Charleston to Columbia, the first subject of enquiry which, seems to be presented, relates to its financial character alone, and in that light, is of less importance than some others, which follow. This part of the subject can be settled with much more satisfaction and safety by a reference to the operations of the Bank, than any speculation of mine, no matter how solid the premises on which it may rest. Would the Bank placed in Columbia, produce as much profit as in Charleston? The fact that the Branch Bank at Columbia, has been conducted with less expense, (making a liberal allowance for the difference of the two offices,) has turned out to the State greater profits in proportion to the funds employed, and has done a safer business, is worth more than all the arguments which speculation can furnish upon the subject. The position, that the Branch at Columbia has turned out more profits than the mother Bank, is supported and accounted for, by the facts, that it has always been free from the trammels and operations of other Banks, has contracted no bad debts, and is conducted with less expense. That it has done a safer business than the Bank at Charleston; in other words, contracted no bad debts, whilst the profits of the mother Bank in Charleston, have been considerably diminished by them, is to be accounted for from the characters of their customers. The direction of both Banks, may discharge their duties with equal circumspection, diligence and foresight, and the same result will be produced. The Charleston Bank will be liable to contract bad debts, whilst the Columbia Bank will not. For no human foresight can prevent the contraction of bad debts in a large commercial city like Charleston, where the mercantile community has intercourse with the whole world, and numerous multifarious connections, secret and open, at home and abroad; whose fortune is not only staked upon the good faith of others, but upon the elements too; and whose credit is founded in Bank, not even upon a capital thus hazarded, but upon the extent of business, which is as much a multiplication of the chances of ruin, as prosperity. But in a small inland town like Columbia, the trader is exempt from the most of those casualties, which often strip the richest merchants of the sea-ports, of their wealth, and consign them to ruin; his connections in business, too, are more limited and generally known; and his capital is not protected from the public knowledge, by that mysterious shroud which covers that of the sea-port merchant, and is considered by some, so essential to prosperity in trade.— Thus it is that the Bank of Columbia can lend to the mercantile community with less risk. Besides this, the merchants are less numerous in the proportion they bear to the rest of the community, than they are in Charles-



ton, and are almost always backed in their Bank transactions, by planters, the extent of whose credit, can be graduated by a certain capital. Of all the customers of a Bank in Columbia, whether merchants, planters, or mechanics, their circumstances can be made as well known to the direction, as the security of the Bank may require, which cannot be the case in Charleston. From this, the conclusion seems to me irresistible, that the Bank established in Columbia is liable to less loss than in Charleston, and would therefore return to the Treasury of the State greater profits.

I will take the liberty here of considering the objection, which I sometimes hear advanced with more speciousness than fairness, that there is not sufficient Banking intelligence in Columbia to conduct an independent Banking institution. This objection, like some others, is better met by facts, than arguments. The proof lies before us. Compare the present direction of the Branch in Columbia, with that of the Bank in Charleston, and what knowledge does the Charleston direction possess, or what service do they perform, to which the Columbia direction is not equal? Compare the operations of the two Banks, and it will be found that the Columbia direction have conducted their institution with the greatest safety, and have made the greatest profits. It is no argument to say, that they have not the same difficulties to contend with. They have managed the Bank, through all the difficulties incidental to Banking in Columbia, and have proved themselves equal to the task. Since Banking has ceased to be looked on as a mysterious art, in the possession of a favored few only, its business is considered as comprehensible and attainable, by the inhabitants of the interior as of Charleston; and there can now be no doubt but that a direction may be obtained in Columbia, as capable of conducting the business of the Bank, as in Charleston.

There is a reason for the removal of the Bank to Columbia, connected with the financial character of the measure, which I also beg leave to present here. To the credit of all banking institutions, but more especially to those of a government, public confidence is important, if not absolutely necessary. It is a fact, humiliating to the institution, that the confidence of the people of the interior of the State, in the present good management, future prosperity, and ultimate solvency of the Bank, is maintained more upon the individual credit of its present head, than any information which they possess. The public confidence, in a public institution of so important and permanent a character as that of a government Bank, is thus left to rest upon the contingency of the life of a single individual. However complimentary and honorable to the individual who presides over the Bank, this fact presents an enquiry, which must excite the most anxious solicitude in those under whose control it is placed, and who have to answer to the people for it. The removal of the Bank to Columbia, would immediately substitute a permanent public confidence, for this contingent one. It would be then subjected to the constant personal inspection of the Legislature. To all subjects of enquiry, immediate answers could be given, and all subjects of doubt and apprehension cleared up and removed. The members of the Legislature returning to their homes in every district, after such examination, public confidence would be annually renewed and diffused throughout the whole State.

Besides, by removing the Bank to Columbia, it is believed that a direction more safe to the institution, and more satisfactory to the Legislature, may be obtained. It is obvious that a very large majority of the Legisla-

ture vote for directors of the Bank in Charleston, without possessing satisfactory personal knowledge, and often upon the information of others alone. From this has resulted a practice of intriguing for that direction, which may one day or another, produce serious injury to the Bank. The State pays its director no salary, but it is well understood, that as a compensation for his services, he shall have a credit for a large amount, say \$20,000 in Bank. The fact is notorious in Charleston, if not here, that persons in trade have frequently become candidates for directors in this Bank, in order that they might obtain a credit in it, otherwise out of their reach, by which they might maintain their credit in business. I have been informed that some candidates, after failing in their election here for directors of this Bank, have returned home and immediately failed in business. It is not difficult to see that a direction for the Charleston Bank might be chosen by the Legislature under these circumstances, well calculated to do the State great injury. With the Bank in Columbia it would be otherwise. The Legislature would select directors upon their personal knowledge, or the most full and satisfactory information. The members would not be compelled to vote upon partial information, given from interested motives.

The foregoing considerations in favor of the removal of the Bank from Charleston to Columbia, connected entirely with the permanent financial prosperity of the institution, it is hoped will be found satisfactory.

It is now my duty to enquire what effect would be produced upon the currency of the interior of the State, by the removal of the mother Bank to Columbia, and the establishment of branches at Cheraw and Hamburg, retaining, I shall presume, the branch established at Camden.

To reach this part of the enquiry properly, it will be necessary to indulge in some introductory remarks upon the present state of the trade, and the distribution of the trading capital, as through it only, the condition of the currency of the interior can be affected.

Hamburg, Columbia, Camden and Cheraw, occupy points about equidistant from the sea coast and the mountains which mark our western boundary. They form a line across the State, and occupy all the avenues of trade from what is called the upper country to Charleston. Thus situated, they are calculated to be of great convenience, in facilitating the trade between those places. They are well calculated to receive and encourage considerable trade from our neighboring States. They occupy those points on our own large rivers, which mark the termination of one species of navigation, and the commencement of another, whilst they are admirably placed to receive all the produce of the country above, which seeks its market by land transportation. Nature seems to have formed these sites for the purposes to which the present state of improvement seems to be converting them; as primary markets for the produce of the upper country, or places of deposit for it, on its way to the principal market, Charleston. As markets in the first instance or places of deposit, they become of primary importance to the upper country, and are entitled from the Legislature, to all that kindness and assistance, which the interests of the back country have a right to claim.

For the better understanding of my views, I shall take the liberty here of bringing to the view of the Legislature the present course of the trade, as it exists between Columbia and Charleston, and the manner in which the interests of the whole country trading with Columbia are affected by

it. The same relation too must subsist between Camden, Cheraw and Hamburg, and Charleston, so that all remarks made upon the trade between Columbia and Charleston will be equally applicable to the trade of the other towns.

The upper country produce, that seeks a market, is almost entirely confined to the single article of cotton. The cotton buyer will therefore be the important trader, the course of whose business, under the existing circumstances, I propose to examine. The nature of the trade requires a large capital and frequent investments. So great is the demand, that our inland towns are not able to furnish anything like a sufficient supply, and were the deficiency not drawn from some other source, the trade would cease, for the want of funds to carry it on. Charleston, taking advantage of this state of things, makes the necessary advances, incurs upon the interior towns a great expense, and secures to herself a very considerable profit. The interior towns have no alternative; Charleston holds the purse, they can get funds no where else, and are compelled to accept them upon any terms. The loans made to the cotton buyers in Columbia, are advanced by factors in Charleston, who in most cases, no doubt, receive them upon their own liability, from the Banks. The consequence is, that the cotton buyer not only pays the lawful interest upon the money borrowed, but becomes liable to the factor for commissions, even if he sells his cotton himself. Besides this, he labors under the disadvantage of having his cotton sold, in the most depressed state of the market, by the factor, to meet his engagement with the factor, to enable the factor to meet his engagement, in turn, with the Bank. The charge of commissions, a very important item in the account of a winter's trade in cotton, is saddled on the cotton buyer, with the hazard of having his stock on hand sacrificed, for the want of a few days' accommodation in a Bank. Another important consideration in the account of this trade is, that loans are remitted from Charleston at the risk and expense of the cotton buyers in Columbia. But all these commissions and other charges and losses come out of the pockets of the planter, for the cotton buyer takes care to indemnify himself in the price that he gives. Any arrangements, therefore, which the Legislature would make, that would diminish these extraordinary charges upon the cotton trade between the interior towns and Charleston, would be a saving of that much to the planters trading with them, and an addition in fact of that sum to the capital stock of the country. In this trade the Charleston factor is liable to no censure; he runs great risks in borrowing and lending the money, and receives but a just indemnity, in the commissions, for which he stipulates. But the extraordinary charges upon the trade, accruing from it, ought to be saved to the planter, if possible. If this cannot be done entirely and immediately by the Legislature, it may be done in time, and in part, by carrying into execution the project under consideration.

It is a fact, applicable to the trade of all our interior towns, where the means of purchasing are inadequate to the demand, and which has frequently occurred in Columbia, that the cotton market has, for a time, been placed in the power of one or two purchasers, who, understanding their advantage, have immediately reduced it a cent or two in the pound, or to that price which would produce a return of profits commensurate with their cupidity for gain. At such a moment, a few Bank accommodations, judiciously made to the other cotton buyers, would sustain the market, and pro-

fect the planter from great loss. At the moment, too, when the cotton buyer's engagement with his Charleston correspondent has to be met, under the disadvantages of a depressed market, a Bank accommodation, for a few days only, would be of great importance to the trade. For it need not be remarked that the cotton buyer has to be supported in all his losses in trade, no matter how incurred, as well as his gains, by the planter. And that the planter therefore is as much, indeed more interested in removing the obstructions, and extending facilities to the improvement of the market, than the merchant.

All the banking capital of the State has, through the extreme liberality of the Legislature, been chartered in Charleston. In addition, a branch of the Bank of the United States has been established there. Charleston thus possesses a monopoly of the banking capital in the State. The question occurs, is it all necessary to her trade?—for the whole State is interested in supporting it. Can she spare any, without injury to it? I think it evident that all is not necessary, and that she can spare a part without injury to her trade. The proof lies in the surplus capital in that town. That she has capital to spare, is as manifest from the present price of stock as that the interior towns want it, from the disadvantageous terms under which they borrow it. When six per cent. stock is commanding in the market 11 or 12 per cent. advance, it is plain that there is a redundancy of capital, which the trade does not require. Would the Legislature thus do an injury to the trade of Charleston, by removing the Bank to Columbia? Indeed the contrary would be the result. Charleston may thank the Legislature for taking from it what it does not want, and cannot employ to advantage, and using it in improving her trade. By this project, Charleston is expected to receive as much benefit as the interior towns of the country. For, view the subject as we will, we find that the interior towns are but agents to collect the produce of the upper country for Charleston. The interest of Charleston, the interior towns, and the country, in this trade, will be the same, their dependence upon each other mutual, and their prosperity or decline commensurate.

By the obligations of equal justice, I should think the Legislature bound to grant the same privileges to other parts of the State, which it has heretofore bestowed exclusively upon one, whenever their necessities may require it, and they demand it. This is the case now with the interior towns embraced in the Resolution. It is true that the trade of Charleston is much greater, and requires more banking favors than the smaller towns, but in justice, the smaller towns have the same right to demand the little their trade requires, that Charleston has to demand the more which her trade requires; and the Legislature is as much bound to grant that little to the smaller towns, as she was to give the more to Charleston.

I have no doubt that there is as much banking capital already chartered as the interest of the State requires, and an increase of it should be avoided to any considerable extent, as tending to lessen in value and depreciate the paper currency of the State. It would, therefore, in my opinion, be highly imprudent in the Legislature to increase the banking capital of the State, by granting charters to companies, to the extent demanded by the trade of Hamburg, Columbia, Camden, and Cheraw, but it would be better for it to withdraw from Charleston, its own capital, (and it seems to me that this is all that it can in prudence do,) and distribute it amongst these towns.

Georgetown and Beaufort, two considerable towns upon our sea coast,

occupying convenient positions for trade, should be embraced in this project, if it meets with the approbation of the Legislature. Georgetown already possesses a branch of the Bank of the State, and it would be unjust to withdraw it, without furnishing an equivalent. It would be proper too, to extend to Beaufort the same accommodation, whenever her trade may require it and she think proper to demand it. I would suggest the propriety of making an arrangement with some of the private Banks in Charleston, to detach a branch to each of these towns, and then withdraw the branch of the Bank of the State from Georgetown, and transfer it to Cheraw: or, if this arrangement cannot be effected, to grant charters for the establishment of Banks in both these towns. With the present Banks in Charleston, and a Bank each at Georgetown, Beaufort, Hamburg, Columbia, Camden and Cheraw, every point of trade thus occupied, the Legislature will have furnished all the facilities to the trade of the State in its power, and in the benefits of which every section of the State would enjoy an equal participation.

Although I feel opposed to increasing the Bank capital, yet I would prefer doing so, to the extent that the trade of Georgetown and Beaufort may require, by charters to private companies, rather than detach a part of the capital of the Bank of the State, too little as it certainly is, to meet all the demands which the trade of Hamburg, Columbia, Camden and Cheraw would have upon it. Should the Legislature think proper to grant charters for Banks to companies in these towns, and should afterwards apprehend any danger to the good credit of the currency of the State generally, from the increase of Bank capital, it might curtail the capital of the Charleston Banks to that amount, upon the renewal of their charters.

I now come to the consideration of the most important enquiry embraced in the Resolution. The effect that would be produced upon the currency of the interior of the State by the operation of this project, is a consideration before which all the rest, important as they are, sink comparatively into insignificance.

From the state of trade some time ago existing, a considerable part of the interior of the State was almost entirely deprived of the use of our own currency, and compelled to accept as a substitute, the depreciated bills of the neighboring States, passing everywhere else at a discount. The populous and wealthy districts of the western part of the State, which until lately traded with Augusta, and now trade with Augusta and Hamburg, suffered great inconvenience as well as loss from the circumstance. Whilst Augusta monopolized the trade of that part of our State, remittances for produce were made to the planter in Georgia and North Carolina bills alone. If the planter obtained South Carolina notes, it was by accepting a less price for his produce, or paying a higher premium. The districts of Edgefield, Abbeville, Pendleton, and Greenville, were almost entirely dependent upon this market, and all the other western districts in part. So complete was the inundation of this depreciated currency in that part of the country, from Feb. 1817, to Feb. 1821, that the tax collectors from those districts often brought a large part of their returns in these bills, and sold them at a discount to enable them to make a settlement with the Treasury, declaring that there were not enough of South Carolina bills in their districts to pay the taxes. During the period above stated, these facts came to my knowledge as Treasurer of the Upper Division, with whom the Tax Collectors made their settlements. Since, I have

not been apprised of the changes which may have taken place in the state of the currency, but presume there must have been some. For since that time, Hamburg has come into existence, which receives a part of the trade of those districts, and holding an intercourse with Charleston, it is presumable that the state of the currency has been improved. Be that as it may, there is no doubt that a very large portion of the currency of the upper districts is still formed of foreign bills; to expel which, and supply their place with our own bills, must be an important object with the Legislature. This object can better be accomplished by the project under consideration, than any other. Banks established at all those inland towns with which the upper country trade, would set in circulation a sound currency of our own, which would immediately expel the foreign. All know the fact, that Bank bills in circulation are paying an interest to the Bank, but we do not, always reflect that the holder in fact pays it. It is thus that the people of South Carolina have been made tributary to the Banks of Georgia and North Carolina, to the amount of the interest upon their bills in circulation in this State. If to this we add the loss sustained by the use of a depreciated currency, we shall find it of sufficient importance to claim the serious attention of the Legislature. It is obvious, that the saving to the State, by the expulsion of this currency, would be equal to the interest upon the bills expelled, added to the loss sustained by depreciation. Thus the State will be relieved from the humiliation also of paying a premium for the use of unsound foreign bills. From the removal of the mother Bank to Columbia, therefore, the most beneficial effects upon the currency of the interior of the State, are to be confidently anticipated.

There is one objection which I have sometimes heard urged against this project, which I propose to examine. If the Bank be removed to Columbia, its notes, of course, will be made payable there. It is conjectured by some, that the Banks in Charleston will refuse to receive them on deposit, and produce a depreciation in their credit below par value. This conjecture has no solid foundation to rest upon, whilst a contrary position is sustained by many strong considerations. But it is not unworthy of remark, that should it prove true, it is very problematical whether such a result would not prove advantageous to the Bank, without endangering its general credit. Indeed there is no danger of the bills sinking below par in the interior of the State, whilst they hold a higher rank in the scale of value than the bills of the North Carolina and Georgia Banks; and there certainly can be no danger of that result as long as the mother Bank will continue to redeem her notes with specie. Any depreciation produced by the operations of hostile Banks upon these notes, and not founded upon a diminution of their intrinsic value to those who use them, would be but temporary, and confined to Charleston, and whilst it lasted, in this case produce good rather than evil to the Bank at Columbia. It would be aiding, instead of obstructing, the principal object which this project has in view, that of making the notes of this Bank a currency, emphatically, for the interior of the State.

The depreciation to be produced in the notes of the Bank, made payable at Columbia, has been settled very ingeniously at the expense and premium for risk in transporting specie from the Bank in Columbia to Charleston. But this reason operates both ways. It is a two-edged sword, brandished against both sides. By the same rule, the bills of the Charleston Banks would be reduced below par at the same rate in Columbia, by the refusal of the Bank at Columbia, to receive them on deposit.

Removed so far from the commerce of the ocean, where alone specie is in demand in large quantities, no apprehension could be entertained of great runs. Every consideration forbids it. The Banks of the neighboring States would never think of incurring the expense and risk of it; besides, if they did, they could be retaliated on to their great disadvantage, from the neighboring branches on our borders. The Banks in Charleston would not think of it for the same reasons, they being liable to sustain an equal injury; in a state of such profitless hostility.

But there is another consideration which would not only restrain the hand of hostility towards the Bank at Columbia, on the part of the Charleston Banks, with the exception of the branch of the Bank of the United States alone, but render them extremely courteous. Those Banks are not likely to forget that they become dependent upon the Legislature from time to time for a renewal of their charters of incorporation, and that the chances of success would be endangered by unfriendly conduct towards the Bank of the State. But the removal of the Bank from Charleston to Columbia, would not produce an injury to the interest of the Charleston Banks, and it is not probable, that for the wanton purpose merely of doing injury to a rival who had withdrawn from the sphere of competition, they would step out of that path which Banks have always been peculiarly remarkable for treading with the closest exactness.

But suppose that the hostile operations of the Bank in Charleston should throw obstacles in the way of the currency of the Bank at Columbia, and reduce its credit to a trifling discount; suppose that they should refuse to receive the Columbia notes on deposit; and that the Custom House of the United States should refuse to receive them in payment of duties; I think it is manifest that the disability thus produced upon the credit of the bills, would be confined to Charleston; nay more, that it could not be made to reach that portion of the mercantile community who trade in the produce of the interior of the State, with whom to maintain their credit, is all that could be desired, and that such operations would be aiding instead of obstructing the main object of the removal of the Bank, namely, the creation of a wholesome country currency.

It may be taken for granted that the bills of the Bank at Columbia, will always be at par in the interior of the State. North Carolina bills, which are at a considerable discount in Charleston, are at none in the country now, from the necessity of using them. It cannot be presumed that the bills of a Bank always paying specie, supported upon the faith and upon the pledge of the property of the whole State, of such general and essential interest in the very especial and important matter of the effect to be produced upon the currency, will be suffered to sink below their expressed value. But there can be no doubt that their value in the country will settle their value in Charleston, as long as there is country produce to be purchased in Charleston, and remittances in money to be made for it. Whilst the planters of the interior, where it is intended that the notes of the Columbia Bank shall circulate, maintain, in their favor, in their intercourse with the Charleston market, that balance which has heretofore marked their prudence, and consequent prosperity, and which it is to be hoped, and is believed, they ever will, so long will the demand for the Columbia bills, for remittance, be greater than the supply of them which the course of trade can collect in Charleston; and whilst that is the case, there can be no reasonable apprehension entertained of their depreciating even in that city.

If the supply of Columbia notes in the Charleston market, as is very certain, shall not be equal to the demand for remittances to the interior towns, the result will be, that the deficiency will be made up of the Charleston bills. These remittances will go in almost every instance, in the first place at least, into the hands of the merchants residing in the interior towns embraced in this project, or of planters in their neighborhood, who, in the established course of their business, will deposit them in the Bank. Thus the Bank at Columbia and its branches will be enabled to look up these bills of the Charleston Banks in their vaults, and send their own into circulation, to any extent their interests may require. Or, in the event of the commencement of hostilities on the part of the Charleston Banks, for the specie of the Columbia Bank, be enabled, in such an unnatural campaign, to retaliate, by inflicting injury for injury. But this arrangement would give to the Columbia Bank a real advantage, by putting it in its power to draw all its necessary supplies of specie from the Charleston Banks, without the least dread of incurring this hostility, anticipated by some. Indeed the benefit would be in some degree mutual, for by removal to Columbia, the supply of specie kept on hand by the Bank, would be much diminished, as the demand for it would be less. Knowing that the specie would be always at their command, the holders of the notes interested in the success of the institution, would make no more calls for it, than necessity may require. The difference between the sum required in Columbia and Charleston, to support the Bank, would pass into the vaults of the other Banks, and to that extent add to their means of maintaining their credit. Indeed the Bank in Columbia would require very little specie, as its credit would be more essentially supported by public confidence and public interest in its welfare; a consideration of much importance.

There remain two considerations more connected with the removal of the Bank, worthy of the attention of the Legislature; one against it, the other in favor of it.

The consideration against the removal is of a temporary and private character, and is embraced in the trouble and expense, and the inconvenience to the officers and debtors of the Bank. As to the expense, I have no doubt that the State would be more than indemnified for it, by a tenfold remuneration, from the increase of profits after the Bank had been completely established in business. As to the officers of the Bank, I think the doctrine well established, that public offices are created for public convenience, and not for the benefit of the incumbents. If the officers are willing to remove with the Bank, it will, no doubt, be to the interest of the institution, as well as to the wish of the Legislature, to continue to employ them. As to the debtors, measures should be taken to extend to them all the indulgence which their necessities may require, and the interest of the Bank allow. With their consent all the debts not discharged after a given and reasonable time, might be transferred to Columbia, and indulgence thus extended.

The other consideration, which is in favor of the removal of the Bank to Columbia, is of great importance. It would be an introduction to that system of annual examination into the concerns of the Bank by the Legislature, by which it is proposed to place the public confidence in the management of the institution, upon the most permanent and satisfactory basis, instead of the contingent one upon which it now so much depends. The removal of the Bank to Columbia would be one of the most thorough



and scrutinizing examinations which the Bank could undergo. It would be in effect, as to the manner and success of its operations, a complete winding up of its business, exposing what was erroneous in its management as well as judicious, which would become land-marks by which its future direction should be guided. It would solve the problem without further hazard, if it still be considered one, of the capacity of the State to bank with safety. The Legislature would thus obtain satisfactory information from which they could determine whether it was expedient to continue their present system of banking, or stop it.

Should the Legislature acquiesce in these views, it is believed that there is nothing in the present state of the Bank concerns which should prevent an immediate commencement of its removal. Its connection with the lower Treasury must be dissolved, but there will be no difficulty in making arrangements to remedy all the inconveniences which will result from it. Much detail would be required, to be incorporated in an Act for the removal of the Bank, all of which is matter of consideration for the Legislature, and not for me. If the project cannot be matured at the present session, I would beg permission to suggest the propriety of appointing Committees, with full powers over the subjects embraced in the project, with directions to sit during the recess of the Legislature.

If my views of the subjects embraced in the Resolution be correct, the following results from the removal of the Bank of the State from Charleston to Columbia, retaining the Branch established at Camden, and establishing Branches at Cheraw and Hamburg, may be confidently anticipated.

The profits of the Bank will be increased.

The trade between these towns and Charleston will be relieved from extraordinary charges and risks now incident to it, by which the planter trading with them, will receive better and more certain prices for his produce, and the capital wealth of the State to that extent improved; for it is obvious, that all saving of charges upon produce, after it leaves the planter's hands until it passes its last market into the possession of the consumer or manufacturer, is an improvement of its value to the planter who raises it.

The bills from the Banks of the neighboring States, which form a principal part of the currency of the interior, will be expelled to the extent of the amount of bills kept in circulation by the Banks established at the points contemplated, and a saving will be thus made to the capital wealth of that part of the State, equal to the interest paid to the Banks for the foreign money now in circulation, and the loss sustained by its depreciation.

In addition, much improvement in the trade of these towns with the neighboring States, may be expected from it.

I have, therefore, no hesitation in giving it as my opinion, that it is not only practicable, but expedient, to remove the Bank of the State from Charleston to Columbia, and, retaining the Branch in operation at Camden, to establish, as soon as practicable, branches at Cheraw and Hamburg.

Respectfully submitted by

B. T. ELMORE, Comp. Gen.

[1843.]

The Treasurer of the Lower Division reports that the Bank of the State has transferred to the Sinking Fund, the sum of one hundred thousand dollars, which makes the balance of that fund, on 1st October 1843, seven hundred and forty-one thousand one hundred and twenty dollars, (\$741,120.)

The following amounts of Stock, issued by the State, will be redeemable at the times stated below:

In January 1845, 5 per Cents,		\$250,000 00
Do. 1846, 5 do.		300,000 00
Do. 1848, 6 do.		200,000 00
Do. 1850, 6 do.		200,000 00
Do. 1850, 6 do.	(Randolph,)	10,000 00
Do. 1852, 6 do.		200,000 00
Do. 1859, 5 do.		141,662 50

From which it will be seen that one million one hundred and sixty thousand dollars, (\$1,160,000,) of the debt of the State will be redeemable in eight years from the first of January next, and one hundred and forty-one thousand six hundred and sixty-two dollars and fifty cents, in seven years after.

By adding the interest which will accrue on the several amounts as they remain unpaid, together with the interest on the outstanding amounts of the three per cent. Stock, the actual demands which will be made on the State, between January 1844 and 1852, will exceed one million five hundred thousand dollars, (\$1,500,000.)

W. LAVAL,



*Report of the Comptroller General in answer to a resolution of the Senate as to the Finances of the State.*

TO THE HONORABLE THE SENATE OF SOUTH-CAROLINA:

The Comptroller General, in obedience to the Resolution requiring him to report such facts and information as he may deem best calculated to illustrate the practical effects of any proposed change or measures in relation to the payment of the Public Debt, the management of the Bank and Sinking Fund, and the fiscal operations of the Treasury, as well as their effects on the credit of the State, respectfully reports:

That the difficulty of procuring immediately such documents as are necessary to a full investigation of the several points embraced in the Resolution, together with the pressure of other official business, constrain him to request the indulgence of the Senate for presenting so brief a view of the several points of enquiry as he has now the honor to submit.

Among the propositions which have been presented to the Legislature on the subject of its financial concerns, that which proposes the redemption of the public debt before the period at which it is payable by law, the means to be made applicable to the purchase of the securities which constitute the debt, and the times and manner of effecting these purchases, appears to be one most worthy of consideration, and to form the principal branch of the enquiry contained in the Resolution.

The following statement exhibits the entire indebtedness of the State as it stood on the first of October last, and is here submitted as information, viz:

Three per Cent Stock,	-----	\$193,501	58
Five " " " of 1824,	-----	250,000	00
Five " " " of 1826,	-----	300,000	00
Six " " " of "	-----	10,000	00
Six " " " of 1838,	-----	600,000	00
Five " " " of " Sterling Bonds,	-----	1,035,555	56
Six " " "	-----	964,444	44
Five " " " of 1839,	-----	141,662	50
Surplus Revenue,	-----	1,051,422	09
Total	-----	\$4,546,586	44

Of this amount, two millions eight hundred and fifty thousand dollars is chargeable on the Sinking Fund now held by the Bank of the State, and upon the capital of the Bank. The remainder, one million six hundred and eighty-six thousand, five hundred and eighty-six dollars, 44 cents, has not been provided for by the appropriation of any special fund or assets of the State. The proposition referred to in the first part of this Report, is, "That five hundred thousand dollars of the Bonds or Stocks of the State, should be purchased annually by the Bank until the whole debt is extinguished, and that the Bank be compelled to make the purchases under the penalty of forfeiture of its charter." The practicability of this measure, so far as the mere ability of the Bank to provide the necessary sums is concerned, will not be questioned, if they can be redeemed at par. The President and Directors, in their annual report to the Legislature, have shown assets equal to such a requisition upon it, and no reason appears why their statement should be discredited. But the expediency of adopting such measures, particularly when the agricultural and mercantile classes of our citizens are just emerging from the pressure incident to a depressed state of trade throughout our country, is a question which calls for graver consideration, and a more full discussion, than present circumstances will permit me to engage in.

As to the practical operation of the changes which have been proposed in the mode of effecting the payment of the public debt, and in the management of the Sinking Fund:

I will now submit a few observations. All who are at all conversant with Banks and Banking operations, understand that the funds of these institutions do not consist of money alone. They are principally invested in securities which yield an interest: a portion also is placed in real estate consisting of banking houses, and of those involuntary acquisitions, which result from the inability of borrowers to redeem their Bank obligations in any other way.

The Capital of the Bank being large, the inference is made, that the appropriation of five hundred thousand dollars of its fund annually for the purchase of State obligations can be effected without serious inconvenience to any class of its debtors: this would be so if those funds were inactive or unemployed, but when it is remembered that the funds of the Bank from which these debts are to be redeemed, are now loaned out to the citizens of the State, and are employed in the active and necessary business operations of the country, it would seem that the withdrawal of such large sums

would interfere materially with those business operations. The effort to collect these sums with a view to their permanent withdrawal, would necessarily produce consequences greatly prejudicial to the interest of the debtors of the Bank, and of others connected with them in the business relations of life, and would be virtually putting the Bank into a state of liquidation.—Independent of these considerations the uncertainty of procuring the Bonds or other liabilities of the State, except at extravagant prices, may well demand the serious attention of the Legislature.

It is an axiom in trade, that the value of a commodity is the price it will bring; and it is equally true, that an increased demand for any article of trade, will enhance the price of the article. The effect, therefore, of accelerating the redemption of the State Stocks by *compelling* the purchase of a large amount annually, will be to increase the demand for the Stock, and to occasion such an advance on the price as will make the cost of every purchase seriously prejudicial to the interests of the State.

The holders of State Stocks have invested their funds in those Stocks, from an opinion that they afford greater permanence and security than other investments, and some inducement must be offered before they will assent to a change. State Six per cent. Stocks are selling at this time at a premium of ten per cent., and if the measure proposed be adopted, making it obligatory on the Bank to purchase up five hundred thousand dollars in each year, the premium will be greatly increased, the Bank will be at the mercy of the Stockholders, and every purchase would diminish the funds of the State.

The forced purchase of the Bonds in Europe, would be equally costly. The offer to redeem them would raise their price at once to par, to which the cost of an agency and exchange must be added to ascertain the amount which would be required for that purchase. This would not be the only loss arising from the measure. The Bank would be compelled to call in from its debtors an amount equal to the purchase intended, and to provide the funds before entering into the negotiation. This would be attended with the loss of interest and a diminution of the income of the Bank. It would therefore seem, that the speedy discharge of the State debt is unquestionably desirable, yet the times of payment now fixed by law, regulate the redemption as rapidly as is consistent with the judicious management of the State funds. From the statement in the former part of this Report, it appears that one million one hundred and fifty thousand dollars of the funded debt of the State will be redeemable in eight years from the 1st of January next; and if the Legislature will make arrangements to charge upon the capital of the Bank and the Sinking Fund, the redemption of the three hundred thousand dollars loan which becomes due in 1846, (and which I respectfully recommend to be done,) then the whole of that amount will have to be provided by the Bank, and the necessity for levying additional taxes to meet the payment of 1848, will be entirely obviated.

With respect to the management of the Sinking Fund, I will make the single remark, that the Bank of the State being chargeable with the payment of the debts for which the fund is specifically pledged, it is reasonable to infer that the President and Directors of that institution will make as judicious a disposition of it as any Special Commission could do, and that without the expense which would be incurred by the establishment of such a commission.

With respect also to the effects of the proposed measure on the fiscal operations of the Treasury, I would briefly observe, that the Bank certainly af-

fords facilities, and during its existence for a large portion of the time at some period of the year has made advances to the State Treasury, and in some years to a large amount. But if the Bank be forced into a state of liquidation from the effect of those measures, it would be compelled, perhaps, to withhold those facilities, and the Treasury would be frequently embarrassed in the fiscal operations. It is true, that other money institutions could be induced to make all necessary advances to the Treasury; but the consideration which they would require for doing so, would probably be such as the Legislature would not be willing to accede to.

The enquiry whether the Bank has answered the purposes of its institution, may be divided into two branches: first, as to its profits; second, as to the kind of accommodation it has afforded to the community.

As to the question of profits, the statements which have been, from time to time, submitted to the Legislature, afford the necessary means of judging. Taking for granted the soundness of the securities and funds now held by the Bank, as certified by the Reports of the various examining committees appointed by the Legislature, there can be no doubt that the operations of the Bank up to this time have been beneficial to the funds of the State. 2nd. As to the kind of accommodation afforded by the Bank. By the preamble to the Act of incorporation, the objects of the establishment were declared to be, "for discounting paper and making loans for longer periods than had before been customary, and on security different from what had previously been required." So far as my official position has enabled me to judge, it has appeared that the Bank *has* afforded such accommodations. It is not the practice of private Banks to disclose the character of their loans, and therefore, it is not in my power to institute a comparison between the accommodations afforded by the Bank of the State and the private Banks; but that accommodations have been freely extended to the agricultural interest of the State, and upon terms which it is understood that other institutions do not permit, seems to be generally conceded. As to the influence of the proposed measures on the credit of the State, I would observe, that the application of the funds of the Bank to the immediate redemption of the debts, could not impair that credit, unless the process of collection be so conducted as to jeopard the solvency, the prices paid for the purchase of Stock be extravagant, or the debts paid out of their due order. But if the funds be withdrawn from the Bank, and taken under the immediate control of the Legislature, or committed to a Special Commission as a Sinking Fund, the apprehension of the foreign creditor may be excited. The Bank is now liable to legal process, and may be compelled, through the Courts of Justice, to pay the State debt for which it is pledged. But the State is not liable to be sued, and payment cannot be enforced against her. The policy of creating a Bank on the funds of the State may be considered as involved in the Resolutions under consideration.

If this were a new question, and the indebtedness of the State did not require some extraordinary measures to provide for its discharge, and there were no private Banks whose operations and circulation required to be controlled, I should deem the measure unadvisable; but under circumstances now existing, it seems inexpedient to interfere with the management of the institution further than to secure an upright administration of its affairs.

Respectfully submitted:

W. LAVAL, C. G.—R. R., p 56-9.

[1844.]

THE COMPTROLLER GENERAL respectfully reports: That since his last Annual Statement, there has been redeemed of the Funded Debt of the State, the sum of four hundred and seventy-three thousand, four hundred and ninety-two dollars and two cents, (\$473,492 02) as follows:

The President and Directors of the Bank of the State of South Carolina, in January last, surrendered to the Comptroller General sundry Certificates, of the Three, Five, and Six per Cent. Stocks of the State, amounting to the sum of four hundred and seventeen thousand and eight dollars and twenty-nine cents, (\$417,008 29;) in addition to which, he purchased, by the authority of the Legislature, (Acts of 1842-3,) certificates of the Five per Cents of 1838, amounting to fifty-six thousand, four hundred and eighty-three dollars, seventy-three cents, (\$56,483 73;) making together, the sum first above stated, or four hundred and seventy-three thousand, four hundred and ninety-two dollars, and two cents, (473,492 02;) which Certificates have all been cancelled, and the amount carried to the credit of the State on the books of the Loan Office in Charleston; the same being also noted in the Records of this Department.

In the foregoing transaction, there has been a gain to the State (on the Three per Cents) of twenty thousand seven hundred and two dollars, (20,702 00.)

The Bank of the State being credited for its capital with thirty-two thousand, nine hundred and sixty dollars, seventy-five cents, (\$32,960 75;) the sum actually expended by the Bank in the purchase of the Certificates, and the remainder, (\$20,702 71, being the difference between that amount, and the nominal or par value of the same, being carried to the credit of the State.

He also reports, that the State Loan of 1824, originally two hundred and fifty thousand dollars, but reduced by the redemption of the past year to one hundred and fifty-nine thousand, one hundred and six dollars and thirty-eight cents, (\$159,106 38,) will be redeemable in January next, 1845.

The Sinking Fund, from which this payment is to be made, was on the 1st day of October last, seven hundred and seventy seven thousand, nine hundred and eighty-four dollars and thirty one cents, (777,984 31.)

The profits of the Bank for the past year, and the balance of the Surplus Revenue transferred to the former, under the Resolution of 18th December last, being included.

The balance of Cash in the Treasury on the 1st October last, was seventy thousand two hundred and fifty-two dollars and eighty-two cents, (\$70,252 82.)

The statement of Debits and Credits, shows a balance in favor of the State, on the 1st October, 1844, of nine hundred and thirty-nine thousand four hundred and eight dollars eighty-three cents, (\$939,408 83.)

Though if the debt included therein as due to the United States, be considered as a nominal liability only, the balance in favor of the State would be nearly two millions of dollars.

As the resources of the State, therefore, exceed its liabilities by so large an amount, its faith and character, both at home and abroad, are abundantly confirmed, and will be sustained, as long as the present policy of regulating its monetary concerns, and of limiting the appropriation of monies within the bounds of the ordinary revenue, is adhered to.

It is also respectfully suggested, that the Surplus Revenue be always

considered by the State as a deposit—as a debt due—and that while it may continue to avail itself of its use, it may so regulate its financial concerns, as to be enabled at any time, promptly, and without inconvenience, to respond to a demand for re-payment.

W. LAVAL, C. G—R. & R. p. 3.

(1845.)

The Comptroller General Reports, that one hundred and fifty-six thousand, three hundred and nineteen dollars, thirty-two cents, (\$156,319 32) of the State 5 per cent. (loan of 1824.) was redeemed at the Treasury in Charleston during the past year. That he purchased from the current funds of the Treasury, five thousand four hundred and seventy-six dollars and thirty-six cents; (\$5,476 36.) of the 5 per cents. of 1826, and that the Bank of the State in September last, surrendered to this Department, thirty-three thousand three hundred and thirty-three dollars and thirty-three cents, (\$33,333 33) in sterling bonds, being a part of the State Loan, authorized by the Act of 1838, for the rebuilding of the City of Charleston, making the total amount of State debt cancelled since the last Report, one hundred and ninety-five thousand, one hundred and twenty-nine dollars, one cent, (195,129 01.)

The balance of the Loan of 1826, now amounting to two hundred and twenty thousand two hundred dollars, ninety-five cents, (220,200 95) will be redeemable in January next; the Sinking Fund is chargeable with the payment of this Loan. The debt due by the South Carolina Rail Road Company to the State, (with the interest to 1st March last,) is four hundred and seventy thousand, three hundred and sixty-eight dollars, eleven cents, (\$470,368 11;) one hundred thousand dollars of which bears interest at the rate of 5 per cent. per annum. and two hundred and fifty-eight thousand, seven hundred and eighty-six dollars, fifty-four cents, (\$258,786 54.) 6 per cent. per annum; no part of the interest has been paid on either of the foregoing amounts.—W. LAVAL, C. G—R. & R. p. 3.

(1846.)

The Comptroller General reports that two hundred and sixty thousand twenty-eight dollars, and twelve cents (\$260,028 12) of the State debt has been paid off, as follows:

*By payments at the Lower Treasury.*

5 per cent. of 1824.....	2,287 56
5 do. of 1826.....	219,190 95—221,478 51

*Purchased by Comptroller General.*

3 per cents.....	20,953 49
5 do. of 1838.....	854 38
6 do. of 1839.....	16,741 74—38,549 61

**\$260,028 12**

In the purchase of the three per cent Stock, above stated, there is a gain to the State of seven thousand seven hundred and fifty-two dollars and seventy-nine cents, (7,752 79) that sum being the difference between the par value and the current price of the Stock, which amount has been passed to the credit of the State. By the Act making appropriations for the year 1845, the Comptroller General is directed, after reserving the sum of ten thousand dollars, to apply any balance of moneys in the Treasury at the end of the fiscal year to the purchase and extinguishment of the public debt of the State. The Comptroller General found it next to impossible to effect the purchase of State Stocks, without submitting to pay a greater premium than he felt willing to give, even under the positive directions of the Act above cited. The Comptroller was unable to obtain any more State Stocks beyond the amount purchased, for less than at a premium of from four to twelve per cent. according as the different stocks had to run a longer or a shorter time. Holders were unwilling to part with their State Stock at any reasonable advance.

Believing the Legislature will sustain him in pursuing a course calculated, in his opinion, to advance the interest of the State, the Comptroller respectfully submits the matter to their consideration.

WM. C. BLACK, C. G.

R & R. p. 4.

(1847.)

Every exertion was made to absorb, (after deducting ten thousand dollars, (\$10,000) as directed by the Act of the last session of the Legislature,) the remaining balance of twenty-six thousand one hundred and forty-six dollars and sixty-four cents, (\$26,146 64) in the purchase and extinguishment of the public debt, but it was found impossible to do so.

The Comptroller General purchased and cancelled the following State Stocks.

5 per cent. stock of 1838.....	4,437 54
6 do. do 1839.....	20,000 00
6 do. do. ".....	4,500 00
	<hr/>
	\$28,937 54
$\frac{7}{8}$ per cent. premium on \$20,000 6 per cents.....	175 00
$\frac{1}{4}$ do. Brokerage on " 6 do. ....	50 00
$\frac{1}{8}$ do. premium on \$4,500 6 do. ....	39 75
	<hr/>
	\$264 75

Amount of Stock purchased, including premium paid.....\$29,202 29

The one-third of the six per cent. State Stocks, issued by authority of the Act of the Legislature of 1839, making provision for "an advance by the State, on its subscription to the Louisville, Cincinnati and Charleston Rail Road Company," becomes due on the 1st of January, next. (1848.) By the Act above recited, it is made the duty of the Bank of the State of South Carolina, to pay the instalments of this issue of State Stocks as they fall due; the Comptroller has every assurance, as to the means and readiness of the Bank to meet promptly this demand of the public creditor.

By Act of the Legislature, passed in 1829, the State made a loan of one hundred thousand dollars to the South Carolina Canal and Rail Road



Company, payable in seven years thereafter. When this loan, with the accruing interest, became due in 1836, the Company memorialized the Legislature, asking an extension of the time of payment, which was granted, and the further time of ten years was given the Company to make payment of the principal and interest to the State. By the terms of the Resolution granting this indulgence, the loan, amounting to one hundred and seventy-four thousand and ninety-seven dollars and twenty-two cents, (\$174,097.22) became due again on the 26th December last, a few days after the adjournment of the Legislature; the Comptroller has made a demand on the President of the Company for payment; the President, in reply, made a written communication to this Department, declining to make payment, for the reason therein stated; the Comptroller herewith transmits a copy of these communications, marked A and B, and respectfully asks the instructions of the Legislature, as to his future action in this matter.

WM. C. BLACK, C. G.

R. & R. p. 3.

## IN REPLY TO CERTAIN RESOLUTIONS OF ENQUIRY OF THE SENATE.

*To the Honorable the President,  
and other members of the Senate:*

The Comptroller, in obedience to certain resolutions passed by the Senate at the present session, calling upon him to report, as soon as practicable, to the Senate, "what sum or sums may have at any time been paid over to the Bank, on account of Capital, in pursuance of the Act of 1813; also, to report what amount of the public debt the Bank has paid out of the Capital Shares, paid in from the Treasury; also, what amount the said Bank has paid into the Treasury from its profits; also, what amount of public debt, principal and interest, the said Bank has paid, since its organization; and also, what amount of stocks issued by the State have, at various times, been placed in the Bank;"—has the honor to submit to the Senate the following report, in reply to the foregoing resolutions:

**Bank of the State of South Carolina for its Capital, in account with the State.**

1813 To 800 Shares in Planters' and Mechanics'			
	Bank sold at.....	19,341	77
Sept.	" 498 Shares in State Bank, sold.....	53,004	99
	" Articles (used in transporting materials) sold.....	200 00	\$72,546 76
	" Cash paid at Charleston Treasury to S. Elliott.....		30,000 00
	" 873 Shares in State Bank, sold for.....	90,556	58
1814	" Articles (used in transportation) sold....	220 00	90,776 58
Jany. 7	" Cash from Charleston Treasury.....	35,512	35
April	" " " ".....	19,994	08

June	"	"	"	"	for printing Me-		
					dium Blanks.....	2,285	50
July	"				Cash from Charleston Treasury.....	4,784	87 62,576 80
Oct.	"	"	"	"	"	11,341	26
1815							
Jany.	"	"	"	"	"	38,091	15
Apl. 19	"	"	"	"	"	17,597	72
Aug.	"	"	"	"	"	15,876	30 82,907 03
1816							
Nov. 1	"	"	"	"	"	13,030	65
1816							
Jany.	"	"	"	"	"	38,188	82 51,219 47
April	"	"	"	"	"	31,651	12
July 29	"	"	"	"	"	17,375	66 49,026 78
1817							
	"				417 Shares in State Bank sold.....	45,815	00
	"				1,166 " transferred to Cashier.....	116,600	00
	"				Profits on 156 shares, since sold.....	3,076	80 165,491 80
1816							
	"				46 Shares in State Bank, sold 1816....		5,920 20
Nov. 14	"				Cash from Charleston Treasury.....	15,711	22
1817							
Jany.	"	"	"	"	"	39,931	67
May 20	"	"	"	"	"	43,650	54
July 2	"	"	"	"	"	14,120	23 112,413 66
Dec. 24	"	"	"	"	"	14,772	46
1818							
Dec. 24	"	"	"	"	"	39,304	97
May	"	"			balance in Treasuries, 1st April,	258,385	30
	"	"			interest received from U. S.....	15,604	29 328,067 02
1819							
July 2	"				Profits on 93 Shares in State Bank		
					sold.....		1,920 00
	"				United States Stock sold.....		147,871 40
Nov. 16	"				Cash from Charleston Treasury.....	29,375	15
1819							
Feb. 25	"				Cash for interest on U. States stock	10,842	61
April	"	"	"	"	"	127,196	28
Aug. 6	"	"	"	"	"	4,098	64 171,513 10
Whole amount paid in on account of capital						\$1,372,250	60

*In reply to the second inquiry.*

Revolutionary. debt paid by the Bank in 1819.....	\$176,029	95
" " " 1828.....	39,902	17
" " " 1844.....	32,960	75
		<hr/>
		\$248,892 87

This is the whole amount of public debt paid from the capital of the Bank, according to the provisions of the Act of incorporation.

*In reply to the third inquiry.*

The Bank has paid from 1814 to 1821, both inclusive, into the State Treasury, for profits.....\$592,001 28

In 1821 the Legislature passed an Act establishing the Sinking Fund, by which the President and Directors of the said Bank were required to debit themselves with their annual profits, and credit that fund with the same.

*In answer to the fourth inquiry.*

The Bank, from 1823 to 30th September, 1847, inclusive, paid for interest on the public debt.....\$2,653,502 56

*In reply to the fifth inquiry.*

The Bank has paid, of the public debt of 6 per cents 1820—5 per cents 1822—5 per cents 1824—5 per cents 1826—6 per cents issued to Rail Road, and 5 per cents issued to South Western Rail Road Bank.....\$1,586,239 36

6 per cents and five per cents Sterling Bonds issued for fire loan, cancelled by the Bank.....\$189,253 37

*Answer to the sixth inquiry.*

The State issued and added to the Bank as capital, the amount of the fire loan, in 1838.....\$2,000,000 00

In 1844, a portion of the Surplus Revenue was transferred to the Bank, for the purpose of aiding in the redemption of the 5 per cent stock of 1826.....200,000 00

The State deposited with the Bank a portion of the 5 per cent stock, issued to the South Western Rail Road Bank, which the Bank of the State cancelled in 1844.....32,336 80

Whole amount of stock issued by the State and placed in the Bank at various times.....\$2,232,336 80

Respectfully submitted,  
WM. C. BLACK,  
Comptroller General

Comptroller's Office, }  
December 16, 1847. }



*Governor Hammond's Message in Regard to the Bank.*EXECUTIVE DEPARTMENT,  
Columbia, Nov. 28, 1843. }*Gentlemen of the Senate**and House of Representatives:*

Since your adjournment the late long continued depression of financial affairs throughout the world, has reached and passed what we have much reason to believe was its final crisis. During the last Spring prices of every description fell to the lowest point ever known, but have since continued steadily, though gradually to advance. The revival of business has not been the effect of accidental causes, or speculative operations, or expansion of the paper currency: nor is it owing to any act of legislation in any part of the world favorable to trade. It has been the natural result of industry, economy, and time, which have swept off a large proportion of the embarrassments created by the disasters of the past, and accumulated at all the great commercial points, in safe hands, a vast and unexampled amount of sound *metallic* capital. We have therefore good reason to indulge the hope that it will be permanent, and to felicitate ourselves on the dawn of a new era in trade and finance.

There is but one serious obstacle now apparent that can arrest and roll back, in any short period, the returning tide of our prosperity; and that is, the narrow and delusive idea which still seems to prevail with a majority of those who rule the world, that they can promote the interests of their respective countries, by fettering trade and building up monopolies. Until we seriously approximate to universal Free Trade—to an unrestricted exchange of the surplus productions of one country, for the surplus of another, by which means, the wants of all will be supplied in the cheapest manner, and commerce, currency and credit established in natural and enduring channels, the perpetual recurrence of speculations, fluctuations and disasters, that will convulse the world, must be looked for with perfect certainty.

It is a matter for congratulation, that England, the source and centre from which have directly or indirectly sprung nearly all the great improvements of modern times, has given evidence of a serious change on this great question. Her recent legislation has been decidedly directed towards a relaxation of the prohibitory and protective laws. It is to be regretted, at the same time, that nearly every other important power in Europe, has, within a few years past, in its convulsive efforts to throw off the embarrassments of the times, increased restrictions upon trade. Whilst our own Government, recurring to that policy which is every where else regarded as one of the most odious features of aristocratic and despotic power, and held in abhorrence by the people, has re-enacted its Tariff laws, and made them more rigorous and oppressive than they have ever been before. That a Government like ours, purporting to be based on perfect freedom and equality, should perpetrate such laws; and that a people so intelligent as ours—so distrustful of their rulers—so ready to resist injustice, and oppression,—four-fifths of whom are agriculturists, all deeply injured by restrictions upon foreign commerce—should permit such an execrable system to be fastened on them, is one of the most extraordinary events in the history of the age. To the enlightened views so rapidly gaining ground among those who control the English Government—to the progress of true knowl-

edge among the other States of Europe, and to the change of power into other hands, which is just about to be realized in our country, I look with confidence for a vast amelioration and early abandonment of the whole system of protective duties.

In the meantime it should be borne constantly in mind, that any departure from the great principles of industry, economy, and a steady faith, that with the practice of these two cardinal virtues, time will do the rest, must be attended with the most serious consequences to our future welfare.— And perhaps no occasion could be more auspicious than the present, for you to institute a close and searching examination into the precise condition of our State, in all its departments, and introduce such alterations and reforms as will enable her to take the tide of prosperity to most advantage, and maintain it longest.

Her financial condition claims, perhaps, at this especial moment, your first attention. The public debt of the State may be put down in round numbers at three millions and a half of dollars (\$3,500,000.)

*The following is a correct statement of the items, viz :*

Date.	Amount outstanding.	Rate of Interest.	When Repayable.	Object of the Loan.
1794-5	\$193,501 85	3 per ct.	At will	Payt. of Revolutionary Claims.
1824	250,000 00	5	Jan. 1846	Internal Improvements.
1826	300,000 00	5	1846	Do. do.
" "	10,000 00	6	1850	Benefit of Mrs. Randolph.
1838	141,662 50	5	1858	Sub. to S. W. R. R. Bank.
" "	1035,555 55	5	1860	Rebuilding City of Charleston.
" "	964,444 44	6	1863	Do. do. do.
1839	200,000 00	6	1848	Loan & sub. to L. C. & C. R. R. C.
" "	200,000 00	6	1850	Do. do. do. do.
" "	200,000 00	6	1852	Do. do. do. do.
\$3,495,164 35				

\$1,051,422 00—Amount of Surplus Revenue deposited with the State.

2,000,000 00—Amount of Loan by the L. C. & C. Rail Road, guaranteed by the State.

It is highly probable that the State will never be called on to refund the Surplus revenue, though her liability for it should never be forgotten, in an estimate of her debt. It is to be hoped that her guarantee of the Rail Road Bonds is only nominal, and that in due season they will be discharged by the Rail Road Company. I therefore deduct these items, in stating the Public Debt, for which certain and early provision must be made, at THREE MILLIONS AND A HALF.

It will be perceived that the payments of this debt run through a period of twenty-six years, and that the heaviest instalments are the last. Admitting that the State will punctually discharge it as it falls due, without creating another, it is yet a serious question whether she should not use every effort in her power to discharge it earlier. A public debt is no longer regarded any where as a public blessing, and such a mass of it hanging over her for such a period must press heavily upon the enterprise and resources of the State.

I feel called on however to declare, that I do not believe the debt will

be paid even as it falls due, without creating a fresh one in lieu of it, or a large portion of it, unless important changes are made in the financial arrangements of the State. And as these changes might, if effected at all, be so made as to discharge it at a much earlier period, it seems to me the wisest policy to relieve the people as speedily as possible of this immense pressure. The debt can be *bona fide* paid only by levying taxes to the amount of it, or by using the funds of the State already in existence.— Although I have not the least doubt that the people would, without a murmur, submit to be taxed to any amount, rather than the slightest imputation should rest upon the good faith of the State, yet while there exists any other means of meeting her obligations, I presume no one will propose to resort to onerous taxation. The only alternative, is to use the funds of the State now committed to the management of the Bank.

The idea has been often and recently gravely put-forth, that the Bank would pay the debt as it became due, out of the profits arising from the operations of Banking. To shew the fallacy of such an idea, it is only necessary to compare the interest on the debt with the profits of the Bank. The interest amounts at this time to one hundred and eighty-six thousand, six hundred and thirty-one dollars and ninety-six cents (\$186,631 96) per annum, exclusive of expenses, which must raise the expenditure for this purpose to at least one hundred and ninety thousand dollars (\$190,000) annually. The nett profits of the Bank, for the fiscal year of 1842, were reported at two hundred and ten thousand, seven hundred and sixty-nine dollars and forty-two cents, (\$210,769 42,) leaving a balance of twenty thousand seven hundred and sixty-nine dollars, and forty-two cents \$20,769 42.) The nett profits of the last fiscal year amounted to two hundred and twenty-six thousand, seven hundred and thirty-two dollars and seventeen cents, (\$226,732 17,) leaving a balance in favor of the Bank, of thirty-six thousand, seven hundred and thirty-two dollars and seventeen cents, (\$36,732 17.) It is obvious that an annual accumulation to the amount of the largest of these sums, would not discharge the debt in much less than a century. Nor is there any just ground for anticipating a great increase of profits for the future. The period for immense returns from Banking operations has passed away, and it is to be hoped, forever. Such is especially the case with this Bank, since the monopoly, which it so long enjoyed in this State, has ceased, and cannot be revived again.

It is also said that the State has received and still retains equivalents for a large proportion of her debt, which can be converted at the proper time for paying it. She possesses eight thousand (8,000) shares of Rail Road and Rail Road Bank Stock, which it is gratifying to state, is rising rapidly in value, and it is to be hoped will one day be worth to her the eight hundred thousand dollars (\$800,000) which it cost. She holds also the obligation of the Rail Road Company for upwards of \$400,000 more, which is doubtless perfectly secure. But these investments could hardly be made available to meet a crisis, and unless converted very gradually, can only be done at a heavy loss. Nor do the small dividends declared materially assist in paying the interest of the Stock issued to make them. For the rest—the Sinking Fund, the Fire Loan, and the Surplus revenue, they are all *banked on*, and although separate accounts are kept of them in the Bank books, they are as essentially a part of the Bank Capital as the comparatively small portion which is acknowledged to be such. They have been loaned out, and to be used to pay the public debt, must, like other

discounts, be collected from the debtors of the Bank. In short, what are supposed to be equivalents for the State debt, are securities of no higher value than those in which all the other funds of the State have been invested by the Bank, nor are they more readily convertible into money.

It is said again, that one million (\$1,000,000) of our internal improvement debt has been redeemed, and this is taken as proof of the capacity of the Bank to redeem the whole debt. It is true that one million has been paid, but it has been made the pretext for issuing stock to the amount of one million seven hundred and six thousand, one hundred and six dollars and ninety-four cents, (\$1,706,107 94,) thus actually increasing the public debt seven hundred thousand dollars, instead of diminishing it.

This can be readily made to appear. In a moment of generous enthusiasm, worthy of the character of the State and her citizens, a bill was passed at the extra session in 1838, almost by universal consent, to borrow two millions of dollars (\$2,000,000) for rebuilding the City of Charleston, after the calamitous fire of that year. Of this amount, one million and thirty-five thousand, five hundred and fifty-five dollars and fifty-five cents (\$1,035,555 55,) was obtained in London, on 5 per cent. bonds. This was loaned to the citizens of Charleston for building purposes, and supplied all their wants. Faith and justice to the people of the State, required that the balance of the bonds not sold for the purpose for which they were issued, and not wanted for it, should have been destroyed. The bank, however, obtained the Governor's consent to raise them to 6 per cent. bonds, to the amount of nine hundred and sixty-four thousand, four hundred and forty-four dollars, forty-four cents, (\$964,444 44,) and took possession of them as a loan from the State to itself, and merely charged itself debtor to the State in that amount on the books of the bank; though it still continues to report the whole two millions as the "Fire Loan." The pretext for this, was to pay the instalments of the debt of eight hundred thousand dollars (\$800,000,) which fell due in 1840; and of two hundred thousand dollars (\$200,000) which fell due in 1842. And on that ground, the Legislature afterwards, in 1841, sanctioned the conduct of the Bank, by laying on the table a resolution to cancel this remainder of the Fire Loan Bonds. But this was not all. At the regular session, in December, 1838, the Legislature passed an Act confirming the subscription of the Governor to the Rail Road Bank, and authorizing the Comptroller General to pay it by drafts upon the Bank of the State, or by an issue of 5 per cents., in case the President and Directors of the Bank found it embarrassing to advance the funds. Although the Sinking Fund at that time amounted to eight hundred and twenty-four thousand dollars (\$824,000) and the Surplus Revenue to nine hundred and fifty-one thousand dollars (\$951,000) and the large balance of the Fire Loan Bonds before mentioned was absorbed by the Bank during the current fiscal year, the 5 per cent stock was issued to the amount of two hundred thousand dollars (\$200,000,) though afterwards reduced to one hundred and forty-one thousand, six hundred and sixty-two dollars and fifty cents (\$141,662 50.) And again at the Session of 1839, the Legislature transferred to the Sinking Fund, to aid in the liquidation of the public debt, six hundred thousand dollars (\$600,000) of the Surplus Revenue, which had been pledged to the payment of the subscription of the State to the Rail Road Company, and issued for that purpose the same amount of 6 per cent. stock. The operation in both these instances was precisely the same as if these stocks had been created to pay the public



debt, the appropriate funds in the Bank being withheld on that account. Thus in the whole was seventeen hundred thousand dollars borrowed to pay the one million of internal improvement Bonds; and that at a period when the Sinking Fund and Surplus Revenue,—funds specially applicable to such a purpose, exceeded not only the debt paid, but even the enormous sum borrowed, and would have covered both the instalments of the debt and the subscription to the Rail Road Company and Bank, had they been so applied. If the history of the past is to furnish any criterion by which to judge of the future, I fear that whenever an instalment of the public debt becomes due, some scheme will be devised to induce the Legislature to issue new stock to redeem it; and if at every payment, seventy per cent. more than is paid, is borrowed, it requires no gift of prophecy to foresee that this process of redemption will overwhelm the State in debt. I fear, too, that it may be considered as certain, that the Bank will never, unless forced to do it, part with a dollar of its capital, or of the funds used as capital, to pay any portion of the principal of the debt. To diminish its funds would be to curtail its power and influence; and though history does record some rare instances of men—exceptions to the general rule—who have voluntarily resigned power, I do not remember a single one of a corporation of any kind having done it.

Being fully assured that the Bank can never pay the public debt by the profits arising from its operations, but being equally convinced that it never will voluntarily pay any part of it out of its capital, I suggest to you the propriety of requiring it, under penalty of forfeiting its charter, to purchase annually, and at some period in each year to cancel, in the presence of the Comptroller General, State Bonds to the amount of five hundred thousand dollars, besides paying the interest on the balance. By such an arrangement the whole debt would be paid in seven, instead of twenty-six years.

It may be doubted by some, whether the Bank will be able to withdraw so large a sum from her debtors annually, without producing great distress in the State. It might be answered, that according to its own report, the Bank collected and paid out during the single fiscal year of 1840, upwards of twelve hundred thousand dollars; and the pressure of the money market at that time, was incomparably heavier than it now is, or is likely soon to be. These measures, as I deem necessary and expedient, it remains for your better judgment to approve or disapprove. May the Great Ruler of the Universe, who alone is Wise and Perfect, so influence your deliberations, that whatever you do may redound to the welfare and honor of our country.

J. H. HAMMOND.

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